

**BYLAWS
OF
LAKE TRAVERSE ESTATES HOME OWNER'S ASSOCIATION**

The following are the Bylaws (the "Bylaws") of Lake Traverse Estates Home Owner's Association, a Minnesota nonprofit corporation (the "Association"). The Association's purpose is to generally manage the Property and enforce the covenants and restrictions as described in the Amended and Restated Covenants, Conditions and Restrictions for Lake Traverse Estates, recorded or to be recorded in the Traverse County Recorder's office (the "Declaration"). Unless indicated otherwise, the capitalized terms used in these Bylaws shall have the same meanings as provided in the Declaration.

**ARTICLE 1
NAME AND LOCATION**

The name of the Association is Lake Traverse Estates Home Owner's Association. The principal office of the Association shall be located at 29534 County Road 20, Paynesville, Minnesota, but meetings of Members and directors may held be at such places within Traverse County, Minnesota, as may be designated by the Board of Directors.

**ARTICLE 2
MEMBERSHIP**

Section 2.1 Owners Defined. All persons described as Owners in the Declaration and in these Bylaws shall be Members of the Association. No person shall be a Member solely by virtue of holding a security interest in a Lot. A person shall cease to be a Member at such time as that person is no longer an Owner.

Section 2.2 Registration of Owners and Occupants. Each Owner shall register with the Association's Secretary or President, in writing, within 30 days after taking title to a Lot, (i) the name and address of the Owners and any Occupants of the Lot; (ii) the name of such Owner's interest or estate in each Lot owned; (iii) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Lot address; and (iv) the name of the Owner, if there are multiple Owners of the Lot, who shall be authorized to cast the vote with respect to the Lot. The Owner shall have a continuing obligation to advise the Association, in writing, of any changes in the foregoing information.

Section 2.3 Transfers. The interests, rights and obligations of an Owner in the Association may be assigned, pledged, encumbered or transferred, but only along with and as a part of the title to the Owner's Lot or as otherwise specifically authorized by the Association's Governing Documents or by law. Membership in the Association shall automatically pass when the ownership of the Lot is transferred in any manner.

Section 2.4 Class of Members. The Association shall have one (1) class of voting membership consisting of the Members.

ARTICLE 3 VOTING

Section 3.1 Entitlement. Votes shall be allocated to each Lot as provided in the Declaration, with each Lot having one vote. In the case of multiple owners, only one (1) Owner may vote. If the multiple Owners disagree about who will vote, no vote may be cast. An Owner of multiple Lots will be allocated one (1) vote for each Lot owned. The right of any Owner to vote shall be suspended during any period in which such Owner shall be in default in the payment of any assessment levied by the Association. Such voting rights may also be suspended, after notice and hearing, for any infraction of the Declaration or any Rules or Regulations.

Section 3.2 Vote. Except where a greater or different number is required by law or by the Governing Documents, a decision of the Members requires the affirmative vote of the majority of the Members with voting rights present in person or by proxy and entitled to vote at a meeting, which must also be a majority of the required quorum. Cumulative voting shall not be permitted.

Section 3.3 Proxies. An Owner may designate a proxy to vote and to attend Owner meetings by signing a written proxy authorizing another person to act on the Owner's behalf and delivering it to the Association's President or Secretary before a meeting of the Association's Members. All Owner proxies will remain in effect until the earliest of the following: (i) the Owner's revocation by written notice or by personally attending and voting at a meeting when the proxy is in effect, (ii) 11 months after the proxy's date, unless the proxy provides a later date, or (iii) when the granting Owner cease to be an Owner.

Section 3.4 Voting by Mail Ballot. A vote on any issue, except for the removal of Directors, may be determined by mailed ballots, subject to applicable law and the following requirements.

- (a) **Notice.** Notice of the vote must (i) clearly state the proposed action, (ii) indicate the number of responses needed for a quorum, (iii) state the percentage of approvals needed to approve each matter, and (iv) state the deadline for returning the ballot to the Association.
- (b) **Ballot.** The ballot must: (i) clearly set forth each proposed action, and (ii) provide an opportunity to vote for or against each proposed action.
- (c) **Time Period.** The Board will set the submission deadline for ballots, which shall not be less than 10 nor more than 30 days after the date of mailing or hand delivery of the ballots to the Owners. The Board will provide written notice to the Owners of the results within 30 days after the expiration of the voting deadline.
- (d) **Required Votes.** A written ballot vote is valid if the number of votes cast by ballot (i) equals or exceeds the quorum requirements for a regular meeting, and (ii) the number of approval votes equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 3.5 Written Action. An action required or permitted to be taken at a meeting of the Members may be taken without a meeting by written action signed, or consented to by authenticated electronic communication, by all of the Members entitled to vote on that action. The written action is effective when it has been signed, or consented to by authenticated electronic communication, by all of those Members, unless a different effective time is provided in the written action.

ARTICLE 4 MEETING OF MEMBERS

Section 4.1 Place. All meetings of the Members shall be held at a place reasonably accessible to the Members, designated by the Board of Directors in any notice of a Members' meeting.

Section 4.2 Regular Meetings. The Association shall hold regular meetings of the Members at least annually, on dates, times and places determined by the Board of Directors. At each regular meeting, (i) the Members will elect the members of the Board of Directors whose terms have expired or will expire at the meeting, (ii) the Members will receive a report from the Board of Directors on the activities and financial condition of the Association, and (iii) any other matters raised consistent with the meeting notice will be acted upon.

Section 4.3 Special Meetings. Special meetings of the Members may be called by the President or the Board of Directors, as a matter of discretion. Members may also have a special meeting called by delivering a written request to the President which is signed and dated by at least 10% of the Members with voting rights. The special meeting requested by the Members must be called within 30 days after receipt of the request and held no later than 90 days after receipt of the demand at the Association's expense. A request for a special meeting must state the purpose of the meeting, and the business transacted at the special meeting must be limited to the stated purpose. The purpose for which the meeting is requested and held must be lawful and consistent with the Association's purposes and authority under the Association's Governing Documents.

Section 4.4 Meeting Notices.

- (a) **Secretary to Send Notice.** The Secretary must send to all Members notice of the time, place and purpose of the meeting and, if proxies are permitted, the procedures for appointing proxies.
- (b) **By Mail or Hand Delivery.** Notice must be sent by United States mail, or may be hand delivered, to the Member's Lot address or to another address provided by the Member.
- (c) **Timing of Regular Meeting Notices.** Notices of regular meetings must be sent at least 5, but not more than 30 days before the meeting.

- (d) Timing of Special Meeting Notices. Notices of special meetings must be sent at least 10 days, but not more than 30 days before the special meeting.
- (e) Waiver. Any Member may waive notice of any meeting of the Members whether given before, at, or after the meeting and whether given in writing, orally, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item because the item may not lawfully be considered at that meeting and does not participate in consideration of the item at that meeting.

Section 4.5 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, at least 51% of the votes of the Members shall constitute a quorum for any action, except as otherwise provided in the Governing Documents. Any meeting may be adjourned, no longer than 10 days, without notice except announcement at the initially called meeting. If a quorum is present at the reconvened meeting, any business may be transacted that might have been transacted at the original meeting. A quorum, once established at a meeting or a reconvened meeting, will continue to exist for that meeting despite the departure of any Member or proxy holder.

Section 4.6 Voting Register. The Secretary shall have available, at the meeting, a list of the Lot numbers, the names of the Members, the vote attributable to each Lot and the name of the person (in the case of multiple Members) authorized to cast the vote.

ARTICLE 5. BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 5.1 Number and Qualification. The affairs of this Association shall be managed by a Board of three (3) directors minimum, but not to exceed five (5) directors, who need not be members of the Association.

Section 5.2 Term of Office. The Members shall elect the Board of Directors. Directors shall have a term of three (3) years and at each annual meeting the Members shall elect such directors to replace any directors whose terms are expiring, for a term of three (3) years. Each director shall serve for their term and until their successor is elected and shall have qualified, unless he or she shall sooner resign, be removed or otherwise disqualified.

Section 5.3 Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Association's Members. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of a predecessor.

Section 5.4 Compensation. No director shall receive compensation for any services rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of said director's duties.

ARTICLE 6
NOMINATION AND ELECTION OF DIRECTORS

Section 6.1 **Nomination**. Nominations for election to the Board will be made by the Board or by a Member at a regular meeting, by “write-in” or by marked ballot.

Section 6.2 **Election**. Election to the Board of Directors may be by mailed ballot. At the election of the Board of Directors, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE 7
MEETINGS OF DIRECTORS

Section 7.1 **Regular Meetings**. Regular meetings of the Board of Directors shall be held promptly following each regular Members’ meeting. The Board will elect the Association’s officers at each such meeting. Other regular Board meetings may be held at such dates, times and places determined by a majority of the Board.

Section 7.2 **Special Meetings**. Special meetings of the Board of Directors shall be held when called (i) by the Association’s President; or (ii) by the Association’s Secretary within ten (10) days following the written request of any two directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the address of such director, or when personally delivered, orally or in writing, by a representative of the Board.

Section 7.3 **Quorum and Voting**. A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting thereof. A quorum, once established, shall continue to exist, regardless of the subsequent departure of any directors. Each director shall have one vote. Except as provided otherwise in the Governing Documents or by law, Board action and decisions shall be made by the affirmative vote of a majority of the directors with voting rights present and entitled to vote at a duly held meeting. Proxies shall not be permitted. Any director may at any time waive notice of any meeting of the Board orally, in writing, or by attendance at the meeting. If all the directors are present at a Board meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 7.4 **Action Taken Without a Meeting**. An action required or permitted to be taken at a meeting of the Board may be taken without a meeting by written action signed, or consented to by authenticated electronic communication, by all of the Board members entitled to vote on that action. The written action is effective when it has been signed, or consented to by authenticated electronic communication, by all of those Board members, unless a different effective time is provided in the written action. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE 8
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Powers. The Board of Directors shall have all powers needed to administer the Association's affairs and may exercise all powers and authority vested in or delegated to the Association (and not expressly prohibited, or reserved to the Members) by law or by the Governing Documents. The powers of the Board of Directors will include, without limitation, the power to:

- (a) Adopt, amend, revoke and publish Rules and Regulations consistent with the Governing Documents: (i) regulating use of property owned by the Association; (ii) regulating changes in the appearance of the property owned by the Association; and (iii) implementing the Governing Documents and exercising the powers granted by this Section;
- (b) Adopt and amend budgets for revenues, expenditures and reserves, and establish, levy and collect assessments from the Owners for Common Expenses;
- (c) Hire and discharge employees, agents and independent contractors as they deem necessary;
- (d) Institute, defend or intervene in litigation or administrative proceedings (on behalf of the Association or two or more Owners) on matters affecting the property owned by the Association;
- (e) Make contracts and incur liabilities;
- (f) Make improvements to property owned by the Association;
- (g) Regulate property owned by the Association and the Lots to the extent required or permitted by the Governing Documents;
- (h) Acquire, hold, encumber and convey any right, title or interest to real estate or personal property, subject to the requirements of the Governing Documents;
- (i) Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents and any Rules and Regulations adopted by the Board;
- (j) Impose reasonable charges for the review, preparation and recordation of amendments to the Declaration or the Governing Documents, for statements of unpaid assessments, or for copies of Association records;
- (k) Provide for indemnification of its officers and directors, and maintain directors' and officers' liability insurance;
- (l) Provide for reasonable procedures for governing the conduct of meetings and the election of directors; and

- (m) Exercise any other powers conferred by law or the Governing Documents or which are necessary and proper for the governance of the Association.

Section 8.2 Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a record of the acts and corporate affairs of the Association;
- (b) Supervise all Association officers, agents and employees, and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
 - (i) Fix the amount of the annual assessment against each Lot in advance of each annual assessment period;
 - (ii) Send written notice of each assessment to every Owner subject thereto in advance of each annual assessment period;
 - (iii) Issue, or to cause an appropriate officer to issue, upon demand by any Person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (iv) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
 - (v) Cause all officers or employees having fiscal responsibilities to be bonded, if and as it may deem appropriate; and
 - (vi) Cause the Common Areas to be maintained, as more particularly provided in the Declaration.

ARTICLE 9 OFFICERS AND THEIR DUTIES

Section 9.1 Enumeration of Officers. The Association's officers shall be a President who shall at all times be a member of the Board of Directors, a Secretary, and Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 9.2 Election of Officers. The officers of the Association shall be elected by the Board at a duly held meeting of the Board or otherwise in writing.

Section 9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for three (3) years unless said officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 9.4 Special Appointments. The Board may elect such other officers as the Association's affairs may require, each of whom shall hold office for such period, have such

authority, and perform such duties as the Board or the Members may, from time to time, determine.

Section 9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

Section 9.7 Multiple Offices. The same Person may hold multiple offices simultaneously.

Section 9.8 Duties. The duties of the officers are as follows:

- (a) **President.** The President shall:
 - (i) Have general active management of the business of the Association;
 - (ii) When present, preside at meetings of the Board and of the Members;
 - (iii) See that orders and resolutions of the Board are carried into effect;
 - (iv) Sign and deliver in the name of the Association deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the Association, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Governing Documents, or by the Board to another officer or agent of the Association;
 - (v) Maintain records of and, when necessary, certify proceedings of the Board and the Members; and
 - (vi) Perform other duties prescribed by the Board.
- (b) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (c) **Treasurer.** The Treasurer shall:
 - (i) Keep accurate financial records for the Association;

- (ii) Deposit money, drafts, and checks in the name of and to the credit of the Association in the banks and depositories designated by the Board;
- (iii) Endorse for deposit notes, checks, and drafts received by the Association as ordered by the Board, making proper vouchers for the deposit;
- (iv) Disburse Association funds and issue checks and drafts in the name of the Association, as ordered by the Board;
- (v) Upon request, provide the President and the Board an account of transactions by the Treasurer and of the Association's financial condition; and
- (vi) Perform other duties prescribed by the Board or by the President.

Section 9.9 Compensation. The Association's officers shall receive no compensation for their services in such capacity unless authorized by the Members. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

ARTICLE 10 ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, there shall be a late fee assessed as set forth in the Rules & Regulations of the Association, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of the Owner's Lot.

ARTICLE 11 WAIVER OF NOTICE

Whenever any notice whatsoever is required to be given by these Bylaws or the Articles of the Association of any of the corporate laws of the State of Minnesota, such notice may be waived in writing, signed by the person or persons entitled to said notice, whether before, at or after the time stated therein, or before, at or after the meeting.

ARTICLE 12 AMENDMENTS

Section 12.1 Amendments. Amendments to these Bylaws must be approved by the affirmative vote of at least 80% of the votes of the Association, in writing or at a duly held Members' meeting.

Section 12.2 Notice. A copy of the proposed amendment, and if a meeting is to be held, notice of such meeting, shall be mailed by U.S. Mail or hand delivered to all Members authorized to cast votes.

Section 12.3 Effective Date, Recording. The amendment shall be effective on the date of approval by the required votes of the Members and need not be recorded.

ARTICLE 13 INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on the Association's behalf, pursuant to the provisions of Minnesota Statutes 317A.521.

ARTICLE 14 MISCELLANEOUS

Section 14.1 Notices. Unless provided otherwise in the Governing Documents or applicable law, any notice required to be given shall be in writing and shall be delivered by U.S. mail or by hand to the address of the Lot, the address on file with the Company or another address provided by the person receiving notice. Notice is deemed given when mailed, or if hand delivered, when it is delivered.

Section 14.2 Fiscal Year. The Board of Directors will determine the Association's fiscal year.

Section 14.3 No Corporate Seal. The Association shall have no corporate seal.

Section 14.4 Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

Section 14.5 Severability. The invalidity or unenforceability of any part of these Bylaws shall not impair or effect, in any manner, the validity, enforceability or effect of the balance of the Bylaws.

Section 14.6 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 14.7 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way limit or prescribe the scope of these Bylaws or the intent or any provision hereof.

Section 14.8 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Governing Documents and the Association's Rules and Regulations. The Association may impose any or all of the charges,

sanctions and remedies authorized by the Governing Documents, the Rules and Regulations or by law to enforce and implement its rights and to otherwise enable it to manage and operate the Association.

The undersigned executes these Bylaws and certifies that they were adopted by the Lake Traverse Estates Home Owner's Association, a Minnesota non-profit corporation, effective as of _____, 2018.

LAKE TRAVERSE ESTATES HOME
OWNER'S ASSOCIATION

By: _____
Its Secretary

Attest:

President