

BY-LAWS OF
STONEBROOKE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Stonebrooke Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3459 Washington Drive, Suite 204, Eagan MN 55122 but meetings of members and directors may be held at such places within the State of Minnesota, County of Dakota, as may be designated by the Board of Directors ("Board").

ARTICLE II
DEFINITIONS

Terms used herein shall have the meanings ascribed to them in the Declaration of Covenants, Conditions and Restrictions for Stonebrooke recorded _____, 199__ and _____ 199__ in the offices of the County Recorder and Registrar of Titles of County, Minnesota as Document Nos. _____ and _____ ("Declaration"). The terms of the Declaration are incorporated herein by reference.

D.R. Horton, Inc.-Minnesota, a Delaware corporation, is the Declarant ("Declarant").

ARTICLE III
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on such date and at such place as shall be designated by the Board in a notice of annual meeting to be furnished to the Members in the manner required by law.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board, or upon written request of the Members who are entitled to vote twenty-five percent (25%) of all of the votes of the Class A Membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least five (5) and no more than thirty (30) days before such meeting to each Member and Member's mortgagee, if any, entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation of the Association ("Articles"), the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings for Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

ARTICLE IV BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. Initially, the affairs of the Association shall be managed by the persons designated as directors in the Articles. Upon the termination of Class B Membership (as defined in the Articles and the Declaration) the affairs of the Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting following the termination of the Class B Membership, the Members shall elect one (1) of the directors for a term of one (1) year, one (1) of the directors for a term of two (2) years and one (1) of the directors for a term of three (3) years; and at each annual meeting thereafter the Members shall fill any vacancies on the Board for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of said predecessor.

Section 4. Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

**ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS**

Section 1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board, and two (2) or more Members who need not be members of the Board. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election 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 VI
MEETING OF DIRECTORS**

Section 1. Regular Meetings. Regular meetings of the Board shall be held at least semiannually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**ARTICLE VII
THE BOARD OF DIRECTORS: POWERS, DUTIES AND RESTRICTIONS**

Section 1. Powers. The Board shall have power:

(a) To adopt and publish reasonable rules and regulations governing the maintenance of the entrance monuments and outlots and to establish penalties for the infractions thereof; notice of any proposed rule or regulation or amendment thereto, shall be furnished to the Members, and

shall be deemed adopted ninety (90) days after such notice unless the Members, at a special meeting called for the purpose, vote to amend or repeal such proposed rule or regulation;

(b) To suspend the voting rights of a Member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also suspend after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Bylaws, the Articles or the Declaration:

(d) To declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

(e) To employ a manager, an independent contractor or such other employees as it deems necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board:

(a) To cause to be kept a complete record of all its acts on corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) To supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) To, as more fully provided in the Declaration:

(i) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(ii) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) Foreclose the lien of any assessment against any property subject thereto if such assessment is not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) To issue, or 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;

(e) To procure and maintain adequate liability and hazard insurance, consistent with provisions set forth in the Declaration;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate and in accordance with the Declaration; and

(g) To cause the Entrance Monuments and outlots to be maintained in accordance with the Declaration.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. **Enumeration of Officers.** The officers of the Association shall be a president and vice-president, who shall at all times be members of the Board, a secretary, a treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. **Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. **Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 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 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 he or she replaces.

Section 7. **Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. **Duties.** The duties of the officers are as follows:

President

The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments; and shall co-sign all checks and promissory notes.

Vice President

The Vice-president shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act; and shall exercise and discharge such other duties as may be required by the Board.

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 duties as required by the Board.

Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; co-sign all checks and promissory notes of the Association; keep proper books of accounts; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meetings and deliver a copy of each to the Members and to any First Mortgagees who shall request the same, pursuant to Article X of the Declaration.

**ARTICLE IX
COMMITTEES**

Section 1. **Appointment of Committees.** The Association shall appoint the following standing committees which shall serve without compensation:

The Nominating Committee
The Maintenance Committee

Unless otherwise provided herein, each committee shall consist of a Chairperson and one (1) or more Members and shall include a member of the Board for Board contact. The committees shall be appointed by the Board prior to each annual meeting to serve from the close of such annual

meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Board may appoint such other committees as it deems desirable.

Section 2. Nominating Committee. The Nominating Committee shall have the duties and functions described in Article V of these Bylaws and such other functions as the Board, in its discretion, determines.

Section 3. Maintenance Committee. The Maintenance Committee shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Lots and shall perform such other functions as the Board, in its discretion, determines.

Section 4. Architectural Control Committee. From and after the date hereof, there shall exist an Architectural Control Committee ("ACC"). Until the conveyance of the last Lot by Declarant, which is or may become subject to the control of the ACC by reason of the subjection of additional property to the terms and conditions of the Declaration governing the operation of the Association and the ACC, the ACC shall consist of three persons appointed by Declarant in its sole discretion. Upon the conveyance of the last Lot owned by Declarant, including those that may become subject to the control of the ACC by reason of the subjection of additional property to the terms and conditions of the Declaration governing the operation of the Association and the ACC, the then current Board shall hold a meeting for the purpose of electing an Architectural Control Committee which shall be composed of Owners. The Architectural Control Committee shall perform the functions described in Article VI of the Declaration. It shall advise the Board regarding matters which may affect the appearance and market value of the development.

Section 5. Appointment of Subcommittees. With the exception of the Architectural Control Committee as to those functions that are governed by Article VI of the Declaration and with the exception of the Nominating Committee, each committee shall have the power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 6. Member Complaints. It shall be the duty of each committee to receive complaints from Members of any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or first Mortgagee. The Declaration, the Articles and these Bylaws shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XI
ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and Individual Lot Maintenance 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. The assessments shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay same or foreclose the lien against the property, in the manner provided in the Declaration. No Owner may waive or otherwise avoid liability for the assessments provided for herein and by the Declaration by abandonment of such Owner's Lot.

**ARTICLE XII
NO CORPORATE SEAL**

There shall be no corporate seal.

**ARTICLE XIII
AMENDMENTS**

Section 1. Requirements to Amend Bylaws. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy. The procedure to amend the Bylaws shall be: (a) the Board may propose the amendment to the Bylaws by resolution setting forth the proposed amendment and directing that it be submitted for adoption at a meeting of the Members; or (b) any five (5) Members may set forth the proposed amendment by petition by them subscribed, which petition shall be filed with the secretary of the Association. Notice of the meeting of the Members stating the purpose, including the proposed amendment, shall be given to each Member entitled to vote on the proposed amendment, and to each officer and director regardless of his voting rights. If notice required by this clause has been given, the proposed amendment may be adopted at any meeting of Members by a majority of a quorum of Members present in person or by proxy.

Section 2. Conflicts Among Documents. 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 of these Bylaws, the Declaration shall control.

**ARTICLE XIV
DISSOLUTION**

The Association may be dissolved by a vote of the Members entitled to cast two-thirds (2/3) of the votes of each class of membership. Written notice of a proposal to dissolve setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant

with the Declaration and Article XV hereof) shall be mailed to every Member at least ninety (90) days in advance of any action taken.

**ARTICLE XV
DISPOSITION OF ASSETS UPON DISSOLUTION**

Upon dissolution of the association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created.

In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes. No such disposition of Association properties shall be effective to divest or diminish any right or title to any Member vested in him or her under the Declaration unless made in accordance with the provisions of such Declaration.

**ARTICLE XVI
INDEMNIFICATION**

Every director, officer, employee or agent of the Association who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of the Association, or that he is or was serving at the specific request of the Board as a director, officer, employee, agent, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association, to the extent permitted by and in accordance with Minn. Stat. § 300.083 (as authorized by § 317A.161(21) and subject to Minn. Stat. § 317A.521) as presently enacted or hereafter amended from time to time, against judgments, fines, amounts paid in settlement and expenses, including attorneys' fees, reasonably incurred by him in connection with such action, suit or proceeding; and the Board may, at any time, approve indemnification of any other person which the Association has the power to indemnify under the Minnesota Statutes set forth herein. The indemnification with respect to a person who is or was serving as a director, officer, employee, agent, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise shall apply only to the extent that such person is not indemnified by such other corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by this Article shall continue as to a person who has ceased to be a director, officer, employee, agent, partner or trustee; shall inure to the benefit of the heirs, executors and administrators of such person; shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this Article; and shall not be exclusive of other rights to which such person may be entitled. In the event any provision of this Article shall be held by any court of competent jurisdiction to be inconsistent with Sections 300.083, 317A.161(21), or 317A.521 of Minnesota Statutes, as presently enacted or hereafter amended from time to time,

such provision shall be deemed to be separable and the remainder of this Article shall be deemed to be valid and in full force and effect.

**ARTICLE XVII
MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Violations. Failure of any Owner to comply with the provisions of these By-Laws, the Articles, or the Declaration shall give rise to a cause of action in the Association and in any aggrieved Owner for the recovery of damages, or for injunctive relief, or both.

The undersigned hereby executes these By-Laws and certifies that they were adopted by Stone Brooke Homeowners Association, Inc., a non-profit corporation under the laws of the State of Minnesota, effective as of the date hereof.

Dated: _____

Carolyn Young

Secretary, _____
Homeowners Association, Inc.