

I N D E X  
TO  
**BYLAWS**  
**OF**  
**ELITE BROWNSTONE**  
**CONDOMINIUM ASSOCIATION, LLC**

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***BYLAWS  
OF  
ELITE BROWNSTONE  
CONDOMINIUM ASSOCIATION, LLC***

**ARTICLE 1.  
PLAN OF CONDOMINIUM UNIT OWNERSHIP**

Section 1. Condominium Unit Ownership. This project submitted by Elite Brownstone, LLC hereinafter referred to as Sponsor, and located at 111 North 3<sup>rd</sup> Street, Grand Forks, North Dakota, consists initially of one building containing twenty-seven (27) units. This property has been submitted under the laws of the State of North Dakota, Chapter 47-04.1, North Dakota Century Code simultaneously herewith. The property is legally described as follows, to-wit:

Lots A, B, and C, Replatting of Lots 9 and 11, Block 18, Town of Grand Forks, North Dakota, according to the plat thereof on file in the Office of the County Recorder within and for Grand Forks County, ND, and recorded in Book 152 of Deeds on page 107;

AND

Lots 5 and 7, Block 18, Town of Grand Forks, according to the plat thereof on file in the Office of the County Recorder within and for Grand Forks County, ND, and recorded in Book "A" of Deeds on page 22;

AND

Lots 1 and 3, Block 18, Town of Grand Forks, according to the plat thereof on file in the Office of the County Recorder within and for Grand Forks County, ND, and recorded in Book "A" of Deeds on page 22.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. The term "Condominium" as used herein shall include the land, the buildings and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of the laws of the State of North Dakota and any additional land, buildings and improvements which may be added to the

Condominium by amendment of the Declaration filed herein.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the Condominium in any manner are subject to these Bylaws, the Declaration and the rules and regulations pertaining to use and operation of the Condominium. The acceptance of a deed, conveyance, or mortgage or the entering into of a lease, or the act of occupancy of a unit shall constitute an acceptance of all of the provisions of these instruments and an agreement to comply therewith.

Section 4. Office. The initial office of the Condominium and of the initial Managing Agent shall be located at 667 DeMers Avenue, Grand Forks, ND 58201. Thereafter, the office of the Condominium shall be at such location as the Board of Managers may designate.

## ARTICLE II. MANAGEMENT

Section 1. Managing Agent and Board of Managers. The affairs of the Condominium will be governed by a Board of Managers consisting of nine (9) representatives, elected by the unit owners they represent as hereinafter set forth. In the event that the Board of Managers shall at any time consist of an even number of members, one additional member "at large" shall be elected by the owners of all units in the Condominium.

Commencing at the date that the Condominium units are ready for sale and occupancy, which date will be determined and established by the Sponsor herein and continuing until all Condominium units have been sold and paid for, and thereafter until members of the Board of Managers have been elected and the Board of Managers fully constituted, all management functions shall be provided and performed by the Managing Agent to be designated by the Sponsor.

At such time as all units have been sold, Sponsor shall set a date for a meeting of owners to elect members of the Board of Managers. At such meeting, following their election, the Board of Managers shall be seated. Only persons directly interested in one or more units, either as owner, spouse of owner or mortgagee, or in a representative capacity of a legal entity may serve on the Board of Managers.

At the sole option of the Sponsor, at any time after 75 percent of the units have been sold and paid for, the Sponsor may set the date for election of members of the Board of Managers to accomplish the seating of the Board and turn over of control thereto.

Section 2. Powers and Duties. The Managing Agent, initially, and the Board of Managers, after their election and seating, shall have the powers and duties necessary for the administration of the affairs of the Condominium, except such powers and duties as by law, the Declaration or these Bylaws may not be delegated to the Board of Managers by the unit owners, including but not limited to the following:

- (a) Operation, care, upkeep and maintenance of the common elements and limited common elements;
- (b) Determination of the amount required for operation, maintenance and other affairs of the Condominium, including compensation for the Managing Agent's services and the assessment and collection of the common charges from the unit owners;
- (c) Employment and dismissal of personnel as necessary for the efficient maintenance and operation and use of the Condominium;
- (d) Adoption and amendment of rules and regulations covering the details of the operation and use of the Condominium property;
- (e) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor;
- (f) Purchasing, leasing or otherwise acquiring in the name of the Board of Managers or its designee, corporate or otherwise, all units offered for sale or lease or surrendered by their owners to the Board of Managers;
- (g) Purchasing units at foreclosure or other judicial sales in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all unit owners;
- (h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Managers), or otherwise dealing with units acquired or leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all unit owners;
- (i) Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of units on behalf of all unit owners;

- (j) Leasing professional offices, garage, maids' rooms, and laundry room, and granting licenses for vending machines;
- (k) Obtaining insurance for the property, including the units thereof pursuant to the provisions of Article V, Section 2 hereof, and
- (l) Making repairs, additions, and improvements to, or alterations of the property, and repairs to and restoration of the property in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

Section 3. Managing Agent and/or Manager. The Board of Managers may employ and compensate a Managing Agent and/or Manager to perform such duties and services as the Board of Managers shall direct including, but not limited to, the duties listed in subdivisions (a), (c), (j), and (l) of Section 2 of this Article II, however, the Board of Managers may not delegate to the Manager or Managing Agent any of the powers set forth in subdivisions (b), (d), (e), (f), (g), (h) and (i) of Section 2 of this Article II.

Section 4. Election and Term of Office. At the initial meeting of the unit owners and at each annual meeting held as hereinafter provided, and after the election of all members of the Board of Managers, the Board members shall be seated in their respective terms of office. All members of the Board of Managers shall be considered "at large". Following the election and seating of the initial Board of Managers, they shall draw lots to establish three (3) members to serve a three-year term, three (3) members to serve a two-year term, and three (3) members to serve a one-year term.

Upon expiration of the initial term of each member of the Board of Managers, his or her successor shall be elected by those unit owners who elected the member initially, to serve for a term of three years. Each member of the Board of Managers shall hold office until such member's respective successor shall have been elected.

Section 5. Removal of Members of the Board of Managers. Any member of the Board of Managers may be removed with or without cause by a majority of those unit owners authorized to elect such member. Removal may be accomplished at any regular or special meeting of such unit owners, and a successor may then or thereafter be elected to fill the vacancy. Any member of the Board whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Any vacancies on the Board of Managers caused by any reason other than removal shall be filled by vote of a majority of the unit owners



qualified to elect such member at a meeting of the necessary unit owners called for that purpose promptly after the occurrence of any such vacancy. The result of such election shall be reported to the Board of Managers, and the new member seated at the next regular meeting of the Board.

Section 7. Organization Meeting. The first meeting of the Board of Managers following the annual meeting of the unit owners shall be held at a time and place announced at such annual meeting, and no further notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, providing a quorum shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Board of Managers, but at least one such meeting shall be held during each fiscal year. Written notice of regular meetings of the Board of Managers shall be given to each member at least three business days prior to the meeting.

Section 9. Special Meetings. Special meetings of the Board of Managers may be called by the President on three business days' notice to each member of the Board of Managers, which notice shall be in writing and state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary upon the written request of at least two (2) members of the Board of Managers.

Section 10. Waiver of Notice. Any member of the Board of Managers may waive in writing notice of any meeting of the Board of Managers. Attendance by a member of the Board of Managers at any meeting, except for the purpose of objecting to the sufficiency of notice thereof, shall constitute a waiver of notice of the time and place thereof, but not of the purpose.

Section 11. Quorum of Board of Managers. At all meetings of the Board of Managers, a majority thereof shall constitute a quorum, and the votes of a majority of those present shall constitute the decision of the Board of Managers. If at any meeting of the Board of Managers there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 13. Liability of the Board of Managers. The members of the Board of Managers, either separately or collectively, shall not be liable, except for their own

individual willful misconduct or bad faith, for any mistake of judgment, negligence or otherwise, arising out of the management of the condominium, except to the extent that such liability may be covered by insurance or other third party indemnification. The unit owners shall indemnify and hold harmless each member of the Board of Managers against all liability to other arising out of contracts or management decisions made by the Board of Managers unless made in bad faith or contrary to the provisions of the Declaration or these Bylaws. The liability of each unit owner to indemnify the members of the Board of Managers shall be limited to the proportional share of the common elements appurtenant to such unit owner's unit. Every agreement made by or for the Board of Managers shall provide that the members of the Board of Managers or their agents are acting only as agents for the unit owners and shall have no personal liability (except as unit owners), and that each unit owner's liability shall be limited to the proportional share of the common elements appurtenant to such unit owner's unit.

### ARTICLE III. UNIT OWNERS ORGANIZATION

Section 1. Initial Meeting of Owners. At such time as all units have been sold, or, at the sole option of the Sponsor at any time after at least 75 percent of all units have been sold, Sponsor shall notify all unit owners of the date and place of the initial meeting of owners.

Section 2. Annual Meetings. Regular annual meetings of the unit owners shall be held in January of each year, on a date to be set by the Board of Managers. At such meeting, the members of the Board of Managers shall be elected by ballot of the unit owners in accordance with the requirements of Section 4 of Article II of these Bylaws, and the unit owners may transact such other business as may properly come before them.

Section 3. Place of Meeting. Meetings of the unit owners shall be held at such place convenient to the owners as may be designated by the Board of Managers.

Section 4. Special Meetings. It shall be the duty of the Secretary to call a special meeting of the unit owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by unit owners owning a total of at least 50 percent of the common interest of all units. The notice of any special meeting shall state the time, place and purpose of the meeting, and no other business other than the stated purpose may be transacted at such special meeting.

Section 5. Notice of Meeting. The Secretary shall cause to be delivered, personally or by mail, to each unit owner a notice of each annual or special meeting of the unit owners, at least three days but not more than twenty days prior to such meeting, stating the time, place and purpose thereof. The notice shall be delivered to owner or to

owner's unit address, or to such other address as the owner shall have designated in writing to the Secretary.

Section 6. Adjournment of Meetings. If any meeting of unit owners cannot be held because of lack of a quorum, a majority of unit owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 24 hours from the time set for the original meeting.

Section 7. Order of Business. The order of business at all meetings of the unit owners shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of Minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of Board of Managers;
- (f) Reports of committees;
- (g) Election of inspectors of election (when so required);
- (h) Election of members of the Board of Managers (when so required);
- (i) Unfinished business;
- (j) New business.

Section 8. Voting. The owner of each unit, in person or by written proxy, shall be entitled to cast the votes appurtenant to owner's unit at all meetings of unit owners. There shall be one vote appurtenant to each unit and if a unit is owned by more than one person or a legal entity, or if the authority to vote is to be otherwise designated, the name of the person entitled to vote shall be designated in writing, to the Secretary, prior to the meeting and shall remain in effect until revoked. Such written designation must be signed by all owners of a unit or the proper officers of a legal entity which owns the unit. Failure to make such designation shall constitute a waiver of the right to vote.

Section 9. Majority of Unit Owners. As used in these Bylaws the term "majority of unit owners" shall mean more than 50 percent of the total votes represented at any meeting of the unit owners, determined in accordance with the provisions of Section 8 of this Article III.

Section 10. Quorum. Except as otherwise provided in these Bylaws, the presence of persons entitled to vote the votes appurtenant to not less than 50 percent of the total number of the units in the Condominium shall constitute a quorum at all meetings of unit owners.

Section 11. Majority Vote. The vote of a majority of unit owners at a meeting at

which a quorum is present shall be binding upon all unit owners for all purposes except where a greater percentage is required by law, the Declaration or these Bylaws.

#### ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Condominium shall be the President, Vice-President and the Secretary-Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President and Vice-President must be members of the Board of Managers.

Section 2. Election of Officers. Officers shall be elected by the Board of Managers at the organizational meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and the officer's successor may be elected at any regular meeting of the Board of Managers or at any special meeting of the Board of Managers called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Condominium. The President shall preside at all meetings of the unit owners and of the Board of Managers. The President shall have all the general powers and duties which are incident to the office of the President of a corporation.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be delegated to such Vice-President by the Board of Managers or by the President.

Section 6. Secretary. The Secretary shall keep the Minutes of meetings of the unit owners and of the Board of Managers; the Secretary shall have charge of such books and papers as the Board of Managers may direct; and shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. The Treasurer shall be responsible

for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent in such depositories as may from time to time be designated by the Board of Managers, and shall, in general, perform all the duties incident to the office of Treasurer.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 9. Compensation of Officers. No officer shall receive compensation from the Condominium for acting as such.

## ARTICLE V. OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Common Charges. Initially, and from the time Condominium units are ready for sale and occupancy, the common expenses and charges, including all items hereinafter set out, will be determined by the Managing Agent designated pursuant to Article II, Section 1. After their election and seating, the Board of Managers shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charges required to meet the common expenses of the Condominium, and allocate and assess them against the units according to the proportional interests in the common elements. The common expenses shall include, among other things, all insurance premiums on policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provision of Section 2 of Article V; such amounts as the Board of Managers may deem proper for the management, operation and maintenance of the Condominium property (including amounts for working capital, a general operating reserve, a reserve fund for replacements, and to make up any deficit for any prior years); such amounts as may be required for the purchase or lease of any unit which the Board of Managers may acquire in accordance with the provisions of these Bylaws. The Board of Managers or its designee shall advise each unit owner in writing of the amount of common charges assessed against owner's unit, and furnish such unit owner a copy of the budget on which such common charges are based.

Section 2. Insurance. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance:

A. Fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all of the Condominium buildings (including all of the units and the fixtures initially installed or provided therein, but not including furniture, furnishings,

or other personal property supplied or installed by unit owners), together with all mechanical equipment and other service machinery contained therein. Such policies of insurance shall insure the Condominium, the Board of Managers, and all unit owners and their mortgagees, as their interests may appear, in an amount not less than 90 percent co-insurance or replacement value of the buildings, and contain a standard mortgagee clause in favor of each mortgagee of a unit.

Each policy shall provide for adjustment of loss by the Board of Managers with the approval of the affected mortgagees and for payment of the net proceeds to the Board of Managers and the affected mortgagees.

The amount of fire insurance to be maintained until the first meeting of the Board of Managers shall be for the full insurable value.

All policies shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least 30 days' prior written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the buildings, including all of the units and all of the common elements therein, for the purpose of determining the amount of insurance to be effected pursuant to this section.

B. Public liability insurance in such limits as the Board of Managers may from time to time determine covering each member of the Board of Managers, the Managing Agent, the Manager and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board of Managers shall review such limits prior to each renewal date. Until the first meeting of the Board of Managers, such public liability insurance shall be in a single limit of \$500,000, covering all claims for bodily injury or property damage arising out of any one occurrence.

Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation and further provided that rights and duties of the Board of Managers shall not be affected or increased by reason of any such additional insurance.

Board of Managers shall name Grand Forks Herald, Inc., as an additional insured in each policy for liability or property loss. However, this requirement shall not be interpreted require any unit owner to name Grand Forks Herald, Inc. as an additional

insured.

Section 3. Repair or Reconstruction After Damage. Subject to the provisions of North Dakota law, in the event of damage to the project, the Board of Managers shall arrange for the prompt repair and restoration of the premises insured under the policies obtained pursuant to Section 2A of this Article V, and the Board of Managers shall disburse the proceeds to pay for such repair and restoration, and any cost in excess of the insurance proceeds shall be included as a common expense and assessed by the Board of Managers.

In the event that all or a substantial and material portion of the project has been destroyed or damaged, and the owners of units representing more than 50 percent of the interest in the common elements are opposed to repair or restoration, the Condominium project shall be subject to an action for partition at the suit of any unit owner, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers among all the unit owners in proportion to the interest in the common elements appurtenant to their units, after first paying out of the share of each unit owner the amount of any unpaid liens on such owner's unit, in the order of the priority of such liens.

Section 4. Payment of Common Charges. All unit owners shall be obligated to pay when due the common charges assessed against their unit by the Board of Managers.

No unit owner shall be liable for the payment of any part of the common charges against such owner's unit coming due subsequent to a conveyance thereof. A unit owner may, subject to the conditions specified in these Bylaws, and provided that such owner's unit is free and clear of liens and encumbrances other than a permissible first mortgage and the statutory lien for unpaid common charges, convey such owner's unit to the Board of Managers or its designee, corporate or otherwise, on behalf of all other unit owners, and in such case may be exempt from common charges thereafter coming due. A purchaser of a unit shall be liable for the payment of common charges assessed against such unit prior to the acquisition by such purchaser of such unit, except that a mortgagee or other purchaser of a unit at a foreclosure sale shall not be liable for, and such unit shall not be subject to a lien for, the payment of common charges coming due prior to the foreclosure sale.

Section 5. Collection of Assessments. The Board of Managers shall assess common charges against the unit from time to time and at least annually and shall take prompt action to collect from a unit owner any common charge which remains unpaid for more than 10 days from the date it is due.

The Board of Managers may secure a lien against a unit as to which there exists unpaid common charges upon filing in the office of the County Recorder a Notice of Assessment stating the amount claimed due, the name of the record owner thereof, the legal description of the unit and executed and acknowledged by the Secretary.

Section 6. Default in Payment of Common Charges. In the event of default by any unit owner in paying the common charges, such unit owner shall be obligated to pay interest at the maximum allowable rate on the amount of delinquent common charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceedings brought to collect such unpaid common charges. The Board of Managers shall have the option of recovering such amounts, either by an action brought against the unit owner, or by foreclosure of the statutory lien on such unit.

Section 7. Foreclosure of Liens for Unpaid Common Charges. The Board of Managers may bring an action to foreclose the statutory lien on a unit for unpaid common charges in accordance with the statutes relating to foreclosures of real estate mortgages in the same manner as if said lien was a real estate mortgage. The Board of Managers, through its designee, may purchase the unit at the foreclosure sale and deal with it in any manner as any other unit owner. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the statutory lien. The liens for delinquent common charges shall be inferior to the purchase money mortgage and any other mortgage recorded prior to the filing of the Notice of Assessment.

Section 8. Statement of Common Charges. When requested in writing, the Board of Managers shall promptly provide any unit owner or such unit owner's mortgagee with a written statement of such unit owner's unpaid common charges.

Section 9. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted by the Board of Managers, any provision of these Bylaws or the Declaration shall give the Board of Managers the right, in addition to any other rights they may have:

- (a) To enter the unit in which such violation exists and summarily abate and remove, at the expense of the owner thereof, such violation without being guilty in any manner of trespass; or
- (b) To enjoin, abate or remedy such violation by appropriate legal proceedings.

Section 10. Maintenance and Repair.



- (a) All maintenance of and repairs to any unit shall be made by the owner of such unit. Each unit owner shall be responsible for all damages to any other unit and to the common elements resulting from unit owner's failure to effect such maintenance and repairs.
- (b) All maintenance, repairs and replacements to the common elements, whether located inside or outside of the units (unless necessitated by the negligence, misuse, or neglect of a unit owner, in which case such expense shall be charged to such unit owner), shall be made by the Board of Managers and be included as a part of the common expense.

Section 11. Use of Units. In order to provide for congenial occupancy of the project and for the protection of the values of the units, the use of the project shall be subject to the following limitations:

- (a) The units shall be used only as a residence.
- (b) The common elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incidental to the use and occupancy of units.
- (c) No nuisances shall be allowed on the project nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the project.
- (d) No immoral, improper, offensive or unlawful use shall be made of the project or any part thereof, and all applicable laws, zoning ordinances and regulations of all governmental bodies shall be complied with. Such compliance shall be effected by the unit owners or the Board of Managers, whichever shall have the obligation to maintain or repair the part of the project causing the violation.
- (e) Without the proper written consent of the Board of Managers, no portion of a unit may be rented, nor may any unit be rented for less than six (6) months; nor shall any person other than the owner or unit owner's authorized tenant and members of their families occupy the premises for a period of more than 24 hours.
- (f) Subject to the provision of Section 11 (e) of Article V, condominium

units may be rented or leased to third parties. This Section 11(f) of Article V may not be amended, modified or revoked without the unanimous vote of unit owners at a meeting of unit owners duly held for such purpose.

Section 12. Additions, Alterations or Improvements by Board of Managers. Whenever the Board of Managers determines that the common elements require additions, alterations or improvements costing in excess of \$5,000.00 and have received the approval of the majority of the unit owners and all first lien mortgagees of units, or if the cost is \$5,000.00 or less without the approval of the unit owners or mortgagees, the Board of Managers shall proceed with such additions, alterations or improvements and the cost thereof shall be included in the assessment of common charges.

Section 13. Additions, Alterations or Improvements by Unit Owners. No unit owner shall make any additions, alterations or improvements in or to such unit owner's unit, except for remodeling or redecorating confined wholly within the unit itself, without the prior written consent of the Board of Managers, after written request therefor, which must be answered within 10 days after receipt of such written request, and failure to answer shall constitute a waiver of the provision of this section. The application for any necessary permit from any governmental agency shall be executed by the Secretary of the Board of Managers. The Board of Managers shall not be liable to any contractor, subcontractor, or materialman, or to any person sustaining personal injury or property damage, for any claim arising in connection with such addition, alteration, or improvement. The provisions of this Section 13 shall not apply to any units until after they have been initially sold and paid for.

Section 14. Use of Common Elements and Facilities. A unit owner shall not place any object or obstacle in any of the common areas or facilities.

Section 15. Right of Access. Each unit owner shall be presumed to have granted a right of access to unit owner's unit to the Manager, the Managing Agent and any other person authorized by the Board of Managers, the Manager, or the Managing Agent, to make inspections; to correct any condition originating in unit owner's unit and threatening another unit or a common element; to install, alter or repair mechanical or electrical service or other common elements located in or adjacent to the unit and to correct any condition which violates the declaration, these Bylaws, the rules and regulations established by the Board of Managers, the provisions of any mortgage covering any unit or which violates or increases the hazard under the terms of any insurance policy. When feasible, such entry shall be made upon prior arrangements with the unit owner at a time reasonably convenient to the unit owner, however, in case of an emergency such right of entry shall be immediate, whether or not the unit owner is present.

Section 16. Water, Sewer and Garbage Charges. Charges for water, sewer and garbage will be paid by the Board of Managers and collected from the unit owners as a part of the common charges.

Section 17. Electricity and Natural Gas. Electricity and natural gas will be separately metered to each unit and the cost thereof shall be paid by the unit owner. Electricity and natural gas serving the common elements will be separately metered and the cost thereof paid by the Board of Managers and collected from the unit owners as a part of the common charges.

## ARTICLE VI. MORTGAGES

Section 1. Mortgage of Units. Each mortgage on a unit shall be substantially the form customarily used in this area, except for such changes or additions as may be required to effect a valid lien on a condominium unit. The Board of Managers, its agents and employees shall do no act which will affect or prejudice the rights of any mortgagee.

Section 2. Notice to Board of Managers. A unit owner who mortgages such unit owner's unit shall notify the Board of Managers of the name and address of such mortgagee.

Section 3. Notice of Unpaid Common Charges. The Board of Managers, whenever requested in writing by a mortgagee, shall promptly report any unpaid common charges or other default by the owner of the mortgaged unit.

Section 4. Notice of Default. The Board of Managers shall send to each affected mortgagee, the name and address of which have been previously furnished, a copy of each notice to a unit owner of any default in payment of common charges or violation of the provisions of the Declaration, restrictions on use or Bylaws.

Section 5. Examination of Records. Unit owners and mortgagees shall have access to the records of the condominium at any reasonable time.

## ARTICLE VII. SALE AND LEASE OF UNITS

Section 1. Sales and Leases. No unit owner may convey (herein intended to include any sale or lease for more than one year) such unit owner's unit or any interest therein without including in such conveyance (a) the undivided interest in the common

elements appurtenant thereto; (b) the interest of such unit owner in any units theretofore acquired by the Board of Managers, or its designee, on behalf of all unit owners, or the proceeds of sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the Condominium, hereinafter collectively called the "appurtenant interests".

Any unit owner intending to convey unit owner's unit must give the Board of Managers notice of such conveyance at least 10 days prior to the consummation of such conveyance, including sufficient details thereof to enable the Board of Managers to apprise the other party as to the status of the obligations against the unit owed to the Condominium.

The unit owner must also advise the intended purchaser or lessee that such intended purchaser or lessee will be subject to and shall be deemed to have accepted the provisions of the Declaration, Bylaws, and rules and regulations in accordance with the provisions of the Declaration and the Bylaws, and in the case of a lease, such provisions shall be specifically incorporated as a condition of the lease.

Section 2. No Severance of Ownership. No unit owner shall execute any deed, mortgage or other instrument conveying or mortgaging such unit owner's unit which does not include the appurtenant interests, it being the intention hereof to prohibit any severance of such appurtenant interests. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though it shall not be expressly mentioned or described therein. No part of the appurtenant interests of any unit may be conveyed, except as part of a conveyance of the unit to which such interests are appurtenant.

Section 3. Financing of Purchase of Units by Board of Managers. The Board of Managers may finance the purchase of units which it purchases pursuant to these Bylaws from the working capital and other funds on hand; the assessment of a common charge or by borrowing the money; provided, however, that no property other than the unit being purchased may be used as collateral for any such loan.

Section 4. Exceptions. No provision in the Declaration or these Bylaws restricting the conveyance of a unit shall apply with respect to any sale or conveyance by a unit owner to his or her spouse, any of his or her children, his or her parent or parents, his or her brothers or sisters, or any one or more of them; by the Sponsor or the Board of Managers; nor by any mortgagee with respect to any unit acquired by foreclosure or by deed in lieu of foreclosure.

Section 5. Gifts and Devises, etc. Any unit owner shall be free to convey or

transfer unit owner's unit by gift, or to devise unit owner's unit by Will, or to pass the same by trust or by intestacy, without restriction.

Section 6. Waiver of Right of Partition with Respect to Units Acquired by Board of Managers. In the event that a unit shall be acquired by the Board of Managers or its designee, pursuant to the provisions of the Declaration and these Bylaws, all unit owners shall be deemed to have waived all rights of partition with respect to such unit, except upon partition of the Condominium project and further excepting unit owner's rights in the proceeds of sale of such unit.

Section 7. Payment of Assessments. No unit owner shall be permitted to convey such unit owner's unit unless and until unit owner shall have paid in full all unpaid common charges then due against unit owner's unit and until unit owner shall have satisfied all unpaid liens against such unit, except permitted mortgages.

## ARTICLE VIII. CONDEMNATION

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Board of Managers. If 50 percent or more of the unit owners duly and promptly approve the repair, replacement or restoration of such common elements, the Board of Managers shall arrange therefor and disburse the proceeds of such award to pay for such repair, replacement or restoration. In the event 50 percent or more of unit owners do not duly and promptly approve the repair, replacement and restoration of such common elements, the Board of Managers shall disburse the net proceeds to the unit owners and their mortgagees in proportion to their interest in the common elements.

## ARTICLE IX. RECORDS

Section 1. Records and Audits. The Board of Managers or the Managing Agent shall keep minutes of meetings of the Board of Managers and the unit owners, and shall maintain financial records and books of account for the Condominium Project, including a chronological listing of receipts and disbursements, as well as a separate account for each unit which shall contain the amount of each assessment of common charges against such unit, the date when due, the amounts paid thereon and the balance remaining unpaid. A written report summarizing all receipts and disbursements of the Condominium Project shall be prepared at least annually and a copy thereof promptly provided to all unit owners and any mortgagee which might have requested the same.

ARTICLE X.  
MISCELLANEOUS

Section 1. Notices. All notices to the Board of Managers shall be sent by registered or certified mail, c/o the Managing Agent, or if there is no Managing Agent, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time. All notices to any unit owner shall be sent by registered mail or certified mail to the owner's unit address or to such other address as may have been designated by such unit owner from time to time, in writing, to the Secretary of the Board of Managers. All notices to mortgagees shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time in writing to the Board of Managers. All notices of change of address shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe that scope of these Bylaws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine in these Bylaws shall be deemed to include the feminine, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Waiver. No restriction, condition, obligation or provision 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.

ARTICLE XI.  
AMENDMENTS TO THE BYLAWS

Section 1. Amendments to the Bylaws. The Sponsor reserves the right to amend these Bylaws to satisfy objections of any title examiner. In such case, the amendment need be executed only by the Sponsor, and by accepting ownership or mortgage interest, all owners and mortgagees of units are deemed to have consented thereto. Any amendment to correct title objections must be made while Sponsor owns at least one unit within two years of filing the Declaration, whichever is longer. Except as herein otherwise provided, these Bylaws may be modified or amended by the vote of those unit owners owning at least 75 percent of the interest in the common elements at a meeting of

unit owners duly held for such purpose, but only with the written approval of each of those mortgages holding mortgages constituting first liens upon each of the units. This Section 1 of Article XI, however, may not be amended without the consent in writing of the Sponsor, so long as the Sponsor shall own one or more units. Section 11(f) of Article V, may not be amended, modified or revoked without the unanimous vote of unit owners at a meeting of unit owners duly held for such purpose. No amendment shall be adopted or become effective which would affect the lien of any mortgage on any unit without the written consent of the mortgagee.

ARTICLE XII.  
CONFLICTS

Section 1. Conflicts. These Bylaws are set forth to comply with the requirements of the laws of the State of North Dakota. In case any of these Bylaws conflict with the provisions of such statute or of the Declaration, the provisions of such statute or the Declaration, as the case may be, shall control.

IN WITNESS WHEREOF, The aforesaid Bylaws are adopted this 4<sup>th</sup> day of April, 2007.

ELITE BROWNSTONE CONDOMINIUM  
ASSOCIATION, LLC, A NORTH DAKOTA LIMITED  
LIABILITY COMPANY

By:

\_\_\_\_\_  
James M. Kobetsky, President

STATE OF NORTH DAKOTA    )  
  )SS.  
COUNTY OF GRAND FORKS    )

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of April, 2007, by James M. Kobetsky, President, on behalf of Elite Brownstone Condominium Association, LLC, a North Dakota limited liability company.

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Notary Public