

BY-LAWS
OF
PAUL BUNYAN STORAGE OWNERS ASSOCIATION

(A Minnesota Non-Profit Corporation)

The following are the By-Laws of Paul Bunyan Storage Owners Association (The "Association"), a Minnesota non-profit corporation formed to govern Paul Bunyan Storage pursuant to the provisions of these By-Laws and the Declaration of Paul Bunyan Storage (the "Declaration") filed of record with the Itasca County Recorder.

ARTICLE I

DEFINITIONS

The terms used in these By-Laws shall have the same meaning as they have in the Declaration, except as otherwise specified herein.

ARTICLE II

REGISTERED OFFICE

The registered office of the Association shall be:

P.O. BOX 340
7539 FRONT STREET NW
WALKER MN 56484

ARTICLE III

MEMBERSHIP

1. Members Defined. The person or persons defined as Owners in the Declaration shall, by virtue of such interest, be "Members" of the Association. There shall be one class of voting membership. Members shall all be owners and shall be entitled to one vote for each Lot. All such persons shall be Members, but the Owners of such Lot shall be collectively entitled to only one vote for that Lot. When there is more than one owner of a Lot, the vote shall be cast by one person named in a certificate signed by all Owners of the Lot and filed with the Secretary of the Association. Such certificate shall be valid until revoked by subsequent certificate.

2. Registration of Owner and Occupant. It shall be the duty of each Owner and Occupant (if the Owner is not occupying the Unit) to register with the Secretary of the Association in writing (i) the name and address of such Owner or Occupant, (ii) the nature and satisfactory evidence of such Owner's or Occupant's interest or estate in a Lot; (iii) the address at which such Owner or Occupant desires to receive notice, if entitled to such notice, of any duly called meeting of the Members; (iv) the name of the Owner or Occupant; if there is more than one Owner or Occupant with respect to a Lot, who shall be authorized to cast the vote with respect to such Lot; and (v) the name and address of the First Mortgagee of the Lot. If an Owner of Occupant does not register as provided in this paragraph, the Association shall be under no duty to recognize the rights of such person hereunder, and shall not recognize such person's right to vote as provided herein, but such failure to register shall not relieve an Owner or Occupant of any obligation, covenant or restrictions under the Declaration or these By-Laws. If there is more than one Owner or Occupant of a Lot, each must execute the registration as provided in this paragraph.
3. Non-Transfer of Membership. The interest, rights, and obligations of a Member in the Association cannot be assigned, pledged, encumbered or transferred in any manner, except as an appurtenance to the Lot owned by such Member.

ARTICLE IV

ASSOCIATION MEETINGS OF MEMBERS

1. Place. All meetings of the Members of the Association shall be held at the office of the Association or at such other place in Cass County as may be designated by the Board of Directors in any notice of a meeting of the Members.
2. Annual Meeting. An annual meeting of the Members shall be held at least once each twelve (12) months. The first meeting of Members shall be held following the sale of the first Lot by the Declarant. Thereafter, annual meetings of the Members shall be held in the same calendar month in each succeeding fiscal year unless the Members at any annual or special meeting designate a different date for annual meetings. At each annual meeting of the Members, the persons who are to constitute the Board of Directors shall be elected. Any other matter which is properly brought before any annual meeting of the Members, and is proper subject for discussion or decision by the Members, may be passed upon at the meeting.

3. Special Meetings. Special meetings of the Members may be called by the President. Special meetings of the Members must be called and scheduled to be held by the President or Secretary within 45 days of the written request of a majority of the Members of the Board of Directors or of Members possessing the right to vote one-fourth of the total votes of all Members. The requests shall state the purpose or purposes of the meeting requested. The business transacted at a special meeting shall be confined to the purposes stated in the notice thereof.
4. Notice of Meetings. At least 21, but no more than 30 days in advance of any annual or regularly scheduled meeting of the Members, and at least seven (7) days in advance of any special meeting of the Members, the Secretary shall send to each Owner of record notice of the time place and complete agenda of the meeting, by United States mail, to the address of the respective owners and to such other address as any owner may have designated in writing to the Secretary. Owners of record shall be those owners who are registered with the Secretary as provided in Article III, Paragraph 2 on a date specified by the Board of Directors (the "Record Date"). Such Owners of record shall be entitled to notice of any duly called meeting of the Members; provided that the Board of Directors may specify a Record Date which is more than 35 days prior to the date of an annual meeting or more than 20 days prior to the date of a special meeting.
5. Quorum. The presence of Members in person or by proxy, who have the authority to cast 20% of the total votes of all Members of the Association entitled to vote shall be necessary to constitute a quorum at all meetings of the Members for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. In the event a quorum shall not be present at any meeting of the Members, the meeting may be adjourned from time to time, without notice other than announcement at the meeting of adjournment, until a quorum shall be present, at which time any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. The quorum, having once been established at a meeting, shall continue to exist for that meeting notwithstanding the departure of any Member previously in attendance in person or by proxy.
6. Voting Register. At the beginning of each meeting of the Members, the Secretary shall present to the meeting a written list of the Lot addresses, the respective names or names of the Owners or Occupants entitled to notice of such meeting, and the name of the person (in the case of multiple Owners or Occupants) authorized to vote. The voting register shall be compiled based upon the information provided by the Owner's pursuant to Article III, Paragraph 2.

7. Order of Business. The order of business at annual meetings of the Members, and at such membership meetings of the Members as may be practical, shall be as follows:
 - a. Designation of President as chairman of the meeting.
 - b. Proof of notice of the meeting as required by Paragraph 4 of this Section.
 - c. Presenting of Voting Register, proxy certification and establishment of quorum.
 - d. Reading of the minutes of the preceding meeting of the Members.
 - e. Reports of Officers.
 - f. Reports of Committee.
 - g. Appointment by the Chairman of inspectors of election as determined by the Chairman or when requested by a Member of the Board of Directors.
 - h. Election of the members of the Board of Directors.
 - i. Unfinished business.
 - j. New business.
 - k. Adjournment.

ARTICLE V

VOTING

1. Entitlement. Members shall be entitled to one vote for each Lot owned. The Association may not cast any vote or be counted in determining a quorum as to any Lot of which the Association is an Owner.
2. Authority to Cast Vote. At any meeting of the Members, the Member or the occupant of the Member's Lot who has been granted a proxy as provided in Paragraph 3 of this Article, and who is included on the Voting Register presented by the Secretary in accordance with Article IV, Paragraph 6, shall be entitled to cast the vote or votes attributable to the Lot or Lots of which the Member is an Owner. If there is more than one Owner or Occupant with respect to a Lot, the vote attributable to that Lot may be cast only by the Owner or Occupant designated pursuant to Article III, Paragraph 2, and any other votes for such Lot shall be disqualified.
3. Voting by Proxy. A Member may cast the vote to which the Member is entitled and be counted as present at any meeting of the Members by

written proxy naming another person or persons entitled to act on the Member's behalf, which proxy shall be delivered to the Secretary before the commencement of any such meeting. An Occupant who has been granted a proxy and has registered with the Secretary of the Association as provided in Article III, Paragraph 2, shall be entitled to notice of any duly called meeting of the Members as provided in Article IV, Paragraph 4 of these By-Laws. All proxies granted by a Member shall be revocable by that Member by written notice or by personally attending and voting at a meeting of the Members. Notwithstanding the foregoing, no proxy shall be valid after one year from the date thereof.

4. Vote Required. The concurring vote of Members who are entitled to cast a majority of the votes represented by all Members present, in person or by proxy, at any meeting of the Members, shall decide all matters properly brought before such meeting, except where a different vote is specifically called for in the Governing Documents.

ARTICLE VI

REPORTS

The Treasurer shall be required to prepare an annual report on behalf of the Association to be provided to each Owner prior to each annual meeting of the Members. The report shall contain at a minimum the following:

- a. A statement of any capital expenditures in excess of one thousand dollars (\$1,000.00) anticipated by the Association during the current year of the succeeding fiscal year.
- b. A statement of the status and amount of any reserve for replacement fund and any portion of the fund designated for any specified project by the Board of Directors.
- c. A copy of the statement of financial condition of the Association for the last fiscal year.
- d. A statement of the status of any pending suits or judgments in which the association is a party.
- e. A statement of the insurance coverage provided by the Association.
- f. A statement of any unpaid assessments by individual Lots, identifying the Lot and the amount of the unpaid assessment, which statement shall be current through the end of the month preceding the month in which the annual meeting takes place.

A copy of the foregoing report shall be delivered to or sent by United States Mail to all Owners entitled to notice of an annual meeting of the Members at the address of their respective Lots, or to such other address as the Members register with the Secretary in writing, at least seven (7) days in advance of any

annual meeting of the Members and copies shall be made available for review by all Members at such annual meeting.

ARTICLE VII

BOARD OF DIRECTORS

1. Number and Qualifications. The First Board of Directors shall consist of the persons designated in the Articles of Incorporation. Upon the ending of the terms of First Board of Directors, the Board of Directors shall be composed of between three and seven persons, all of whom shall be Members or spouses of Members; or in the case of ownership by a partnership, shall be partners or employees of such partnership; or, in the case of ownership by a corporation, shall be officers or employees of such corporation; or, in the case of ownership by a fiduciary, shall be officers or employees of such fiduciary.
2. Term of Office. Notwithstanding the right to remove a Director under Paragraph 9 of this Article, the term of the members of the First Board of Directors shall run until six (6) months after the sale of the first Lot. After the expiration of the term of the members of the First Board of Directors, the term of each director shall expire upon the election and qualification of a successor at each subsequent annual meeting of the Members, or until the director has been removed in accordance with the provisions of these By-Laws. At the first annual meeting of Members, the members shall elect not less than three (3) nor more than seven (7) directors who shall serve for the term of three (3) years, or until successors are duly appointed or qualified and elected. There shall be no cumulative voting. The number of directors may be increased or decreased upon the assent of fifty-one percent (51%) of the Members.
3. Nominations. Nomination for election to the Board of Directors 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 of Directors, and two or more other Members of the Association. The nominating committee shall be appointed by the Board of Directors 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 of Directors as it shall in its discretion determine but not less than the number of vacancies that are to be filled. Such nominations shall be made from among the Members.

4. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things except as by the Declarations or these By-Laws may not be delegated to the Board of Directors by the Members. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:
- a. Operate, maintain, repair and replace the Common Property in accordance with the provisions of the Governing Documents.
 - b. Determine what shall constitute common expenses required for the affairs of the Association, which shall include all ordinary and necessary operating expenses for the operation and maintenance of the Property, and establish reserves for future repair, replacement and improvement of the Common Property and those parts of Lots which the Association is obligated to maintain and repair.
 - c. Levy and collect assessments for common expenses from the Owners.
 - d. Employ and dismiss managing agents and personnel necessary for the maintenance and operation of the Common Property at such compensation as may be determined by the Board of Directors; provided, that any contracts entered into for such purposes shall provide for termination upon ninety (90) days prior written notice, without penalty, and a maximum contract term of three (3) years.
 - e. Adopt and implement Rules and Regulations governing the operation and permitted use of the Property, and the personal conduct of Owners, Occupants and their guests.
 - f. Prepare and submit to the Members an annual report required by Article VI above.
 - g. Maintain and manage bank accounts on behalf of the Association and designate the signatories required thereof.
 - h. Purchase, lease, or otherwise acquire in the name of the Association, Lots offered for sale (including the Lots offered at any foreclosure or other judicial sale) or lease, or surrendered by their owners.
 - i. Sell, lease, mortgage or otherwise deal with Lots acquired by, and sublease Lots leased by, the Association.
 - j. Obtain insurance for the Property pursuant to the provisions of the Declaration and these By-Laws.
 - k. Provide for the making of repairs, additions, and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the Declaration and these By-Laws, after damage or destruction by fire or other casualty, or as a result of eminent domain proceedings.
 - l. Commence appropriate legal action for collection of Assessments for common expenses as hereinafter provided, and commence,

defend and intervene in legal action for such other purposes as do not violate the purposes and objectives of the Association.

m. Borrow money and pledge or mortgage the assets of the Association for the purposes set forth in Paragraph 4 of Article VII, with the approval of a majority of the Members at a duly held meeting thereof, and subject to the rights of the first Mortgagees.

5. Meetings and Notice. An annual meeting of the Board of Directors shall be held within ten (10) days following the annual meeting of the Members. Regular meetings of the Board of Directors shall be held at such times and at places within the State of Minnesota as may be fixed from time to time by a majority of the members of the Board of Directors. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by the Secretary within ten (10) days following the written request of any two (2) directors. Notice of any meeting must be given to each director not less than three (3) days in advance thereof. Notice to a director will be deemed to be given when deposited in the United States mail postage prepaid to the Lot address of such director or to such other address as each director may from time to time designate in writing to the Secretary. Any directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of necessary notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by that director of the time and place thereof. If all directors are present at and take part in any meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.
6. Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting thereof. A majority vote of the directors present at any meeting at which a quorum is present shall be sufficient to adopt any action.
7. Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting when authorized in writing signed by all the directors.
8. Vacancies. Vacancies in the Board of Directors shall be filled by a person elected by a majority vote of the remaining directors, which persons shall serve out the terms vacated.
9. Removal. Any director may be removed from the Board of Directors, with or without cause, by Members casting a majority of the votes of all Members entitled to vote, at any annual or special meeting of the Members; provided that the notice of the meeting at which removal is to

be considered states such purpose and that the Members elect, at such meeting, a person to fill the unexpired term of each director removed.

10. Compensation. No director shall receive compensation for any service he may render in his capacity as a member of the Board of Directors. However, any director may be reimbursed, by resolution of the Board of Directors, for his actual expenses incurred in the performance of his duties as a director.
11. Fidelity Bonds. The Board of Directors shall insure that a fidelity bond or comparable insurance is in effect, as provided in the Declaration, covering dishonest acts on the part of the Directors, officers, managers, trustees and paid and unpaid employees. The premium, for such bonds shall be paid by the Association and shall be a common expense, unless a proper bond or insurance is furnished as in the case of a professional manager.

ARTICLE VIII

OFFICERS

1. Principal Officers. The principal officers of the Association shall be President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may from time to time elect other such officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. No person may hold more than one office, except for the offices of Secretary and Treasurer.
2. Election of Officer. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board.
3. Removal of Officers. Upon an affirmative vote of the majority of the members of the Board, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose.
4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including without limitation, the duty to supervise all other officers, to preside at all Member and Board meetings and to execute all contracts and similar obligations on behalf of the Association. The

President shall have such other duties as may from time to time be prescribed by the Board of Directors.

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. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Board of Directors.
6. Secretary. The Secretary shall be responsible for recording the minutes of all meetings of the Board of Directors and the Members. The Secretary shall keep and have charge of the books and records of the Board and the Association and shall give all notices required by the Governing documents and the Act.
7. Treasurer. The Treasurer shall be responsible for all intangible property of the Association, including funds, securities, and evidences of indebtedness and shall give bond in such sum and with such sureties as the Board of Directors may require. The Treasurer shall keep the assessment rolls and accounts of the Owners. The Treasurer shall be responsible for keeping the books of the Association in accordance with good accounting practices and shall submit them to the Board of Directors for its examination upon request. The Treasurer shall be responsible for depositing all monies and other valuable effects in the name of or to the credit of the Association in such depositories as may be designated by the Board of Directors and shall disburse the funds of the Association as ordered by the Board of the Directors and shall perform all other duties incident to the Office of Treasurer. The Treasurer shall cause to be prepared and distributed an annual report as required by Article VI of these By-Laws.
8. Compensation. Officers of the Association shall receive no compensation for their services in such capacity. Such officers may be reimbursed for out of pocket expenses incurred in the performance of their duties.

ARTICLE IX

ADMINISTRATION

1. Common Expense. "Common Expenses" shall mean and include (i) all expenses approved or incurred by the Board of Directors or by officers of the Association, pursuant to authority granted to them by the Governing Documents or by law, in the performance of the powers and duties, and (ii) those items identified as Common Expenses in the Declaration and these By-Laws.

2. Budget, Levy. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association and allocate, assess and levy such assessments uniformly among the Lots. The levy shall be deemed to occur upon the vote adopting the resolution which sets forth the Common Expenses and the allocation to the Lots. The assessments shall include those Common Expenses set forth in the Declaration and these By-Laws and may include such other such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property; provided, however, that the assessment for Common Expenses shall include an adequate reserve fund for maintenance, repairs and replacements of the Common Property that must be replaced on a periodic basis, and shall, when practicable, be payable in regular installments. The Board of Directors shall fix the amount of the annual assessments against each Lot and mail written notice thereof to the Members (including the amount payable for each Lot) at least thirty (30) days prior to the start of the year for which the assessment is made, and shall, upon request by the Member or First Mortgagee, furnish copies of each budget on which such Common Expenses and the assessment are based to such Member and to his First Mortgagee. In the event an annual assessment proves to be insufficient, the budget and assessments thereof may be amended, or a special assessment levied by the Board of directors pursuant to Section 6.3 of the Declaration, or by the Members at a special meeting of the Members called for such purpose.
3. Payment of Assessments. All owners shall be obligated to pay the Common Expenses assessed and levied by the Board of Directors. Each Member's individual assessments shall be due in monthly installments in advance on the first day of each month of the period or the year for which the assessments are made or when designated by the Board of Directors in the case of a special assessment.
4. Default in the Payment of Assessments. In the event any Owner does not make payment on or before the date when any assessment or installment thereof is due, such Owner shall be obligated to pay, at the discretion of the Board of Directors, an administrative late fee of up to \$10.00 for each unpaid assessment or installment thereof and/or interest at the rate of twelve (12%) per annum on such assessment or installment thereof from the date due, together with all expenses, including reasonable attorneys, fees incurred by the Board in any proceeding brought to collect any such unpaid assessment. In the event of a default of more than thirty (30) days in payment of any assessment or installment thereof, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the owner, and thereupon the entire unpaid balance of the assessment with all accrued interest shall become due and payable upon the date stated in the notice. The Board of Directors shall have the right and duty to attempt to recover all assessments for

Common Expenses, together with interest and the expenses of the proceeding, including reasonable attorney's fees, in any action to recover the same brought against an Owner or by foreclosure of the lien on a Lot. Upon written request of the First Mortgagee, notice of an assessment for Common Expenses or any other default in the performance of obligations by any Owner shall be given in writing to the First Mortgagee by the Secretary of the Association. In addition to any other remedies, the use of recreational facilities by any owner or occupant of the Lot, or any guest thereof, may be suspended by action of the Board of Directors during the period when any assessments are past due and payable with respect to such Lot, or for up to an additional thirty (30) days for each such infraction.

5. Foreclosure of Liens for Unpaid Assessments. In any action brought by the Association to foreclose a lien on a Lot because of any unpaid assessments or installments of assessments, the owner may be required by the Board of Directors to pay a reasonable rental for the use of the Lot, and the Association shall be entitled to the appointment of a receiver to collect the same.
6. Records. The Board of Directors shall cause to be kept at the registered office of the Association or at such other place as the Board of Directors may determine, records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the Members of the Association, names of the owners and First Mortgagees, and detailed and accurate records, in chronological order, of the receipts and expenditures affecting the Common Property, Such records of receipts and expenditures and the voucher's authorizing payments shall be available for examination by the owners or Mortgagees at convenient hours of weekdays. Separate accounts shall be maintained for each Lot setting forth the amount of the assessments against the Lot, the date when due, amount paid thereon and the balance remaining unpaid.

AMENDMENT X

AMENDMENT TO BY-LAWS

The By-Laws may be amended by the approval of such amendment, in writing, or by the vote of Members entitled to cast at least fifty-one percent (51%) of the votes of all Owners at a duly held meeting thereof; subject to the rights of First Mortgagees as set forth in Article XII of the Declaration.

ARTICLE XI

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify every Director and officer, his heirs, executors and administrators, against all loss, cost and expense, including attorneys, fees, reasonably incurred by him in connection with any action, suit, or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be proved only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a common expense; provided, however that nothing in this Article shall be deemed to obligate the Association to indemnify any owner who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or damage or liabilities incurred by him solely in his capacity as an Owner.

ARTICLE XII

MISCELLANEOUS

1. Notices. All notices required hereunder to be given to the Association or the Board of Directors shall be sent by certified mail to the Board of Directors at the office of the Association or to such other address as the Board of Directors may hereafter designate from time to time by written notice given in the manner hereinafter prescribed. All notices to any Owner/Member, or Occupant entitled to any notice, shall be sent by United States mail to his Lot address or to such other address as may be designated by him in writing from time to time to the Association. All notices to First Mortgagees shall be sent by United States mail to their respective addresses as designated by them from time to time in writing to the Association. All notices shall be deemed to have been given when deposited in the United States mail postage prepaid, except notices and registration pursuant to ARTICLE III, Paragraph 2, which shall be deemed to have been given when received.
2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Notary Public