

AMENDED
BY-LAWS OF
CAUSEWAY ON GULL ASSOCIATION, INC.

ARTICLE I.
PLAN OF INTERVAL WEEK OWNERSHIP

Section 1. Submission. These are the By-Laws of Causeway on Gull Association, Inc., a Minnesota non-profit corporation (hereinafter referred to as the "Association"), the Articles of Incorporation ("Articles") of which have been filed in the office of the Secretary of State of Minnesota. The Association has been organized for the purpose of being and constituting the association of Owners in Causeway on Gull, an interval project (the "Project") created by the filing of the Declaration of Covenants, Conditions and Restriction for Interval Ownership of Causeway on Gull (hereinafter "Declaration").

Section 2. Principal Office. The principal office of the Association shall be at 6405 Lost Lake Road, Nisswa, Minnesota 56468 or at such other place as may be subsequently designated by the Board of Directors.

Section 3. By-Law Definitions. All terms used herein, unless specifically or by context indicated otherwise, shall have the same definition as attributed to such term in the Declaration, if defined therein.

Section 4. Conflict. If the provisions of these By-Laws conflict with the provisions of the Declaration, the provisions of the Declaration shall control.

Section 5. Personal Application. All present or future Owners and their families, tenants, employees, guests, invitees and agents and any other person who might use any portion of the Project in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the Units, or the mere act of occupancy or use of any of the Units, signifies that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II.
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Each Owner of an Interval Interest shall automatically upon becoming an Owner become a Member of the Association and shall remain a Member until such time as his Ownership of an Interval Interest ceases for any reason, at which time his membership shall automatically cease. Each Owner, other than Declarant, shall register his ownership by submitting to the Board of Directors a copy of a document showing his interest in the Unit within sixty (60) days after the date of purchase. If title to an Interval Week is held by more than one person, each of such persons shall be a Member. Each such membership shall be appurtenant to the Interval Week upon which it is based and shall transfer automatically by voluntary or involuntary conveyance of title to the Interval Week and no right, title or interest in or to membership in the Association may be transferred or conveyed separately from such Interval

Week. No person or entity other than an Owner or Declarant may be a Member of the Association.

Section 2. Voting Rights. The Association shall have only one class of voting membership, consisting of all Owners including the Declarant. The Owner or Owners of an Interval Interest shall be entitled to one vote for each Annual Interval Week owned, and one-half vote for each Biennial Interval Week owned. When there is more than one Owner of an Interval Week, the vote allocated to such Interval Week shall be cast in accordance with the desire of the majority of such Owners. In the event the Owners fail to determine how to cast a vote, the matter shall be submitted to the Board of Directors whose decision shall be binding on the Owners of such Interval Week.

Section 3. Suspension of Voting Rights. In the event any Member shall be in default in the payment of any assessments due under any of the provisions of the Declaration for a period of thirty (30) days, or shall be in default in the performance of any of the other provisions of the Declaration for a period of thirty (30) days after notice thereof, such Member's right to vote as a member of the Association shall be suspended and shall remain suspended until payments are brought current and all defaults remedied.

Section 4. Majority of Members. As used in these By-Laws, the term majority of Members shall mean those Members holding a majority of the votes in the Association.

Section 5. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Members holding 25% of the total votes in the Association shall constitute a quorum.

Section 6. Vote Required. Except as otherwise provided in these By-Laws, the Members may take action by the affirmative vote of Members holding 51% of the total votes present in person or by proxy at a duly held meeting.

Section 7. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 8. Cumulative Voting. There shall be no cumulative voting.

Section 9. Member's Rights and Obligations. Each Member shall have all of the rights, duties and obligations set forth in the Declaration, By-Laws, and Articles, as amended from time to time. A Member's obligation shall include, without limitation, an obligation to pay such Member's share of Common Expenses of the Association as determined in accordance with the Declaration and such other amounts as become due from the Member in accordance with the Declaration. All amounts due from a Member shall be and constitute a lien against such Member's Interval Interest, which lien right shall be enforceable by the Board in the manner set forth in the Declaration. The Board shall be entitled to exercise any and all other rights and remedies set forth in the Declaration or otherwise provided for at law or in equity.

ARTICLE III.
ADMINISTRATION

Section 1. Association Responsibilities and Rights. The Association shall have the sole right, responsibility and duty for the management and maintenance of the Project, and in furtherance thereof shall have the powers and duties necessary for such management, operation and administration of the affairs of the Association and the Project, all as described in Article 4 of the Declaration.

Section 2. Place of Meetings. Meetings of the Members of the Association shall be held at the principal office of the Association, or such other suitable place convenient to the Members as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Members of the Association shall be held within one year of the date of incorporation of the Association on a date set by the Board. Thereafter, the meetings of the Members of the Association shall be held annually in the same month of each succeeding year unless the Members select a different date at a regular or special meeting. At such meetings, there shall be elected by ballot of the Members, a Board of Directors in accordance with the requirements of Section 4 of Article IV of these By-Laws. The Members may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Members upon the written demand of (a) the Board of Directors, (b) at least ten percent (10%) of the Members with voting rights, or (c) the Declarant so long as Declarant continues to own an Interval Week. Within thirty (30) days after receipt of the demand, the Board shall cause a meeting of Members to be called and held on notice no later than ninety (90) days after receipt of the demand at the expense of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. The business transacted at a special meeting shall be limited to the purposes stated within the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the complete agenda thereof, as well as the time and place where it is to be held, to each Member of record, at least ten (10) days in advance of any annual or regularly scheduled meeting, and at least ten (10) days in advance of any other meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. Notices shall be hand delivered or sent by United States mail to each Member at the address of each respective Unit, or such other address as any of them may have designated to the Secretary.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

ARTICLE IV.
BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of nine (9) persons, all of whom must be Owners of Interval Weeks in the Project. Notwithstanding the foregoing, (i) so long as Declarant owns more than thirty-three (33%) percent of the Interval Weeks created in Units constructed within the Project, the Directors need not be Owners and (ii) so long as Declarant has any Interval Interest in a Unit or Units constructed within the Project, Declarant shall be entitled to designate an individual who need not be an Owner to serve as a Director.

Section 2. Powers and Duties. The Board of Directors shall exercise the powers and duties of the Association necessary or desirable for the management, operation and administration of the affairs of the Association and shall, in furtherance thereof, have all of the powers and duties of the Association described in Article III hereof and the Constituent Documents, which are not by law or the Constituent Documents directed to be exercised or confirmed by the Owners.

Section 3. Managing Agent. In accordance with Article 14 of the Declaration, the Board shall, on behalf of the Association employ a Managing Agent, at a compensation and on such other terms and conditions as are agreeable to the Board in its sole discretion, to perform, subject to the review and direction of the Board, the obligations of the Association. Notwithstanding the foregoing, no contract with the Managing Agent shall be entered into for a term of more than three (3) years, subject to earlier termination by the Association at any time, for cause.

Section 4. Election and Term of Office. Each Director shall serve for a term of three (3) years. At the expiration of the term of office of each Director serving at the time these Amended By-Laws become effective, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 6. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Members and a successor may immediately be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such

Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or facsimile, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

Section 12. Action Taken Without 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 or ratified by a writing signed by all of the Directors.

Section 13. Electronic Communication. A conference among directors by any means of communication through which the directors may simultaneously hear each other during the conference constitutes a meeting of the Board of Directors, if the same notice is given of the conference as would be required for a meeting, and if the number of persons participating in the conference constitute a quorum at the meeting. Participation in a meeting by that means constitutes personal presence at the meeting.

Section 14. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on

such bonds shall be paid by the Association. Such bond shall name the Association as obligee and shall be in an amount of at least three (3) months' Association assessments plus reserves.

Section 15. Compensation. No Director shall receive compensation for any service he may render the Association, but each Director shall be reimbursed for his actual expenses incurred in the performance of his duties upon submission by him of written evidence thereof and may also be employed by the Association in his individual capacity.

ARTICLE V. OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Directors may appoint an assistant treasurer and an assistant secretary, and such other officers as in their judgment may be necessary. Any person may hold more than one office, except that the office of President and Vice President, and President and Secretary, shall be held by separate persons.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board, and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either 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 called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his 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 Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full

and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Compensation. No officer shall receive compensation for his services except as authorized by the Board, but each officer shall be reimbursed for his actual expenses incurred in the performance of his duties upon submission by him of written evidence thereof.

ARTICLE VI.
AMENDMENTS TO BY-LAWS

Section 1. By-Laws. These By-laws may be amended by the Members of the Association at a duly constituted meeting for such purpose, but no amendment shall take effect unless approved by Members holding at least a majority of the votes of the Association.

ARTICLE VII.
MORTGAGEES

Section 1. Notice to Association. A Member who mortgages his Interval Week shall notify the Association through the Managing Agent, if any, or the President of the Association in the event there is no Managing Agent, of the name and address of his mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Interval Weeks."

ARTICLE VIII.
TERMINATION/PENALTIES

Section 1. Suspension/Termination. A Member shall not be expelled or suspended, and a Membership may not be terminated or suspended, other than for nonpayment of dues or fees, except where the Member is given:

- (a) not less than ten (10) days' prior written notice of the expulsion, suspension or termination, and the reasons for it; and
- (b) an opportunity for the Member to be heard, orally or in writing, before the effective date of the expulsion, suspension or termination by a person authorized to decide that the proposed expulsion, termination or suspension not take place.

Section 2. Fines/Other Penalties. Except as provided above in Section 1 of this Article VIII, and except for late charges and other remedies for non-payment of assessments, the Board of Directors shall not impose a fine or other penalty against an Owner or other Occupant for violation of the Constituent Documents or rules and regulations promulgated by the Board unless and until the following procedure is followed:

- (a) Written notice shall be served upon the alleged violator, specifying (i) the general nature of the violation (ii) a time period of not less than five (5) days during which the violation may be abated without further action, (iii) the remedy to be imposed in the

event that the violation is not abated as aforesaid, (iv) the date the remedy will be imposed, which shall be not less than ten (10) days after the date of service of the notice.

(b) The alleged violator shall have the right, upon written request delivered to the Board of Directors within the ten (10) day period set forth in the notice to a hearing before the Board of Directors, or a committee of no fewer than three Members appointed by the Board of Directors for this purpose. The hearing shall be held on a date and time specified by the Board of Directors, but within fifteen days after such request for hearing and at least three (3) days' notice to the parties involved shall be given. Any proposed sanction or remedy shall be held in abeyance until such hearing is held and a decision is made. Within three (3) days after such hearing, the Board of Directors shall notify the parties involved of the decision reached at the hearing in writing, at which time the remedy shall become immediately effective. The Board of Directors shall establish uniform rules for the conduct of all hearings.

ARTICLE IX. INDEMNIFICATION

To the full extent permitted by the Minnesota Nonprofit Corporation Act, as amended from time to time, or by other provisions of law, each person 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 and by whomsoever brought (including such proceeding, by or in the right of the corporation), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Member, director or officer of the corporation, or he or she is or was serving at the specific request of the Board of Directors of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the corporation by the affirmative vote of a majority of the directors present at a duly held meeting of the Board of Directors for which notice stating such purpose has been given against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided, however, that the indemnification with respect to a person who is or was serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall apply only to the extent such person is not indemnified by such other corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by this Article shall inure to the benefit of the heirs, executors and administrators of such person and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this provision of the By-Laws.

ARTICLE X. MISCELLANEOUS

Section 1. Checks and Other Payments. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association shall be signed by or

endorsed by such person or persons and in such manner as, from time to time, shall be designated by resolution of the Board or, in the absence of such designation, by any two of the officers. The Board, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or at any amount.

Section 2. Inspection of Constituent Documents. The Association shall keep in its principal office the original or a copy of the Constituent Documents, as thereto amended, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 3. Fiscal Year. The fiscal year of the Association shall terminate on December 31 of each year, unless otherwise determined by the Board of Directors.

Section 4. Books and Records. The Books, records and papers of the Association shall be kept at the principal place of business of the Association. The Association financial records and its other records, books and vouchers authorizing payments of the Association shall be available for examination by a Member or his authorized agent at the principal office of the Association during normal business hours of week days. Any institutional first Mortgagee will, upon request, be entitled to inspect the books and records of the Project during normal business hours and receive an annual financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project.

Section 5. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provisions thereof.

Section 6. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 7. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

Section 8. Corporate Seal. The Association shall have no corporate seal.

Section 9. Gender. The use of any gender in these By-Laws shall be deemed to include either or both of the other genders and the use of the singular shall be deemed to include the plural whenever the context so requires.

Secretary