

**BYLAWS OF THE
STEEL DISTRICT LOFTS CONDOMINIUM ASSOCIATION**

**ARTICLE I
GENERAL PROVISIONS**

1.1. Organization. Steel District Lofts Condominium is a mixed-use condominium project located in Sioux Falls, South Dakota. Upon the recording of the Master Deed and Declaration of Covenants, Easements and Restrictions, the management, maintenance, operation and administration of the 20 Residential Units and the Residential Common Elements (the "**Master Deed**") will be vested in Steel District Lofts Condominium Association, a South Dakota nonprofit corporation (the "**Association**"), comprised of all Persons who own Residential Units in Steel District Lofts Condominium, including Steel District, LLC, the "**Declarant**."

1.2. Application. All present and future Owners of Residential Units ("**Residential Owners**") and their guests and Secured Parties are subject to these Bylaws, the Articles of Incorporation, the Master Deed, the Rules and Regulations, and all future amendments or restatements of the foregoing and any additional agreements and documents adopted or approved by the board of directors or Residential Owners with respect to Steel District Lofts Condominium. The acceptance of a deed of conveyance or the act of occupying a Residential Unit will constitute an acceptance of the Condominium Documents and an agreement to comply with their provisions.

1.3. Exclusion of Commercial Unit. The Association has no control over the management, maintenance, operation and administration of the Commercial Unit, the Commercial Common Elements or the Combined Common Elements within Steel District Lofts Condominium. The Commercial Owner has control over the Commercial Unit, the Commercial Common Elements and the Combined Common Elements within Steel District Lofts Condominium. The Commercial Owner, and its successors and assigns, will not be a member of the Association.

1.4. Definitions. Capitalized words used in these Bylaws have the meanings set forth in these Bylaws, the Articles of Incorporation and the Master Deed establishing a plan for condominium ownership pursuant to the laws of the State of South Dakota, as amended or replaced from time to time.

**ARTICLE 2
MEMBERSHIP, VOTING RIGHTS, AND MEETINGS**

2.1. Membership. Each Residential Owner of a Residential Unit in Steel District Lofts Condominium, during the period of ownership, will be a Member of the Association, and no other Person will be entitled to membership.

2.2. Classes. The Association has two classes of membership: Class A Members and Class B Members, as more fully set forth in the Articles of Incorporation.

2.3. Assignment of Interest. The interests of a Residential Owner in the funds and assets of the Association may be assigned or transferred only as an appurtenance to a Residential Unit.

2.4. Membership List. The secretary, or an agent of the Association in charge of the records, will keep a current membership list of the Residential Owners entitled to vote.

2.5. Voting Rights. One person will be entitled to vote with respect to each Residential Unit at any meeting of the Residential Owners. The Residential Owner or one of the groups composed of all the Persons holding an ownership interest in a Residential Unit, or a person designated by a Residential Owner or Residential Owners to act as proxy on their behalf, may cast a vote on any matter for which the Residential Owner is entitled to vote. The Declarant, or its proxy, may exercise the voting rights with respect to any Residential Unit owned by the Declarant.

2.6. Proxies. Votes may be cast in person or by proxy at any meeting of the Residential Owners. Proxies may be made by any Residential Owner who is unable to attend a meeting in person and must be filed with the Association before the time of a vote at the meeting. Only other Residential Owners may be designated as proxies. Proxies will only be valid for the particular meeting designated or any adjournment of the meeting.

2.7. Meetings of the Residential Owners.

2.7.1. Initial Meeting of Residential Owners. An initial meeting of the Residential Owners (the "***Initial Meeting of Residential Owners***") may be convened by the Declarant at any time. An initial meeting may be called by the Residential Owners at any time after the Declarant Control Period has expired subject to the requirements of Section 2.7.3. In no event, however, will the Initial Meeting of Residential Owners be called later than 120 days after the completion of the Declarant Control Period. During the Declarant Control Period, the Declarant, the board of directors or the president may call meetings of the Association for informational or other appropriate purposes.

2.7.2. Annual Meetings. After the Initial Meeting of Residential Owners has occurred, the Residential Owners will hold an annual meeting each year on a date and at a time and place selected by the board of directors.

2.7.3. Special Meetings. Special meetings of the Residential Owners may be called by the president, a majority of the board of directors, by the president or secretary at the written request of at least three Residential Owners of the Residential Units.

2.7.4. Notice of Meetings. Except as otherwise provided by statute, written notice of the date, time, place and purpose of a meeting will be given by the secretary not less than 10 days prior to a meeting, stating the time and place where it is to be held. Notice will be mailed by United States mail, by certified mail, return receipt requested, or by overnight delivery service at the address provided to the Association by the Residential Owner or personally delivered to each Residential Owner entitled to vote at the meeting.

The Association will only be required to give notice to one Residential Owner of each Residential Unit. However, at least 30 days' written notice will be provided to each Residential Owner of any proposed amendment to the Articles of Incorporation, these Bylaws and the Master Deed which is to be approved by the board of directors or is to be voted upon by the Residential Owners. Any amendment to these documents approved by the Declarant during the Declarant Control Period need not be presented to the Residential Owners prior to the completion of the amendment and the filing of the amendment, if filing is required. However, copies of any amendments will be provided to the Residential Owners upon the completion of the amendments and the filing of the amendments, if filing is required.

2.7.5. Quorum for Meetings. The presence in person or by proxy of the Residential Owners of at least 13 of the Residential Units entitled to vote at the meeting will constitute a quorum at all Association meetings.

2.7.6. Majority. At any meeting of Residential Owners at which a quorum is present, a vote of Residential Owners of at least a majority of the Residential Units represented and present in person or by proxy will be required for the approval of the matters presented to the meeting, except in those instances in which a majority exceeding a simple majority is required by the Governing Documents or by statute.

ARTICLE 3 BOARD OF DIRECTORS

3.1. General Powers. The Association's business, property and affairs will be managed by a board of directors. The board of directors will be elected in the manner described in these Bylaws; provided the directors designated by the Declarant in the Articles of Incorporation will serve until replaced by the Declarant at any time prior to the Initial Meeting of Residential Owners, or their successors are duly elected and qualified by the Residential Owners at the Initial Meeting of Residential Owners.

3.2. Binding Action of Initial Board. All actions of the initial board of directors designated in the Articles of Incorporation, or any successors to those directors selected by the Declarant prior to the Initial Meeting of Residential Owners, will be binding on the Association in the same manner as any action authorized by a board of directors elected by the Class A Members of the Association, so long as their actions are within the scope of the powers and duties that may be exercised by the board of directors as provided in the Governing Documents.

3.3. Number. During the Declarant Control Period, the number of directors in the Association will be three as is set forth in the Articles of Incorporation. Following the Declarant Control Period, the number of directors will not be less than three nor more than seven as determined by a vote of the Residential Owners.

3.4. Qualifications. Except with respect to directors appointed by the Declarant, the directors will be Residential Owners or, in the case of an entity, a partner, member, manager, shareholder, director, officer or trustee of the Residential Owner. Following the Declarant Control Period, only one person representing a Residential Unit may serve on the board of directors at any time. If multiple Persons own more than one Residential Unit, each Person may serve on the board of directors at any one time, so long as each Person represents only one Residential Unit.

3.5. Powers and Duties. The board of directors will have all powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law, by the Articles of Incorporation, by the Master Deed or by these Bylaws may not be delegated to the board of directors by the Residential Owners. The powers and duties to be exercised by the board of directors include, but are not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Residential Common Elements.
- (b) Serving as a liaison to the Commercial Owner in connection with the Commercial Owner's management, maintenance, operation and administration of the Combined Common Elements of Steel District Lofts Condominium.
- (c) Determination of the amount required for operation, maintenance and other affairs of the Association.
- (d) Collection of the Assessments from the Residential Owners.
- (e) Employment and dismissal of employees, independent contractors and agents necessary for the efficient maintenance and operation of the Residential Common Elements and the Association.
- (f) Opening bank accounts and designating signers therefore.
- (g) Borrowing money, issuing notes, executing loan agreements, security agreements, mortgages, assignments of rents and other evidences of indebtedness, and designating the signers for any or all of the foregoing, subject to the provisions of Section 3.13.
- (h) Purchasing or selling, in the name of the Association or its designee on behalf of all Residential Owners, Residential Units offered for sale or surrendered to the Association by the Residential Owners.
- (i) Purchasing Residential Units at foreclosure or other judicial sales in the name of the Association or its designee, on behalf of all Residential Owners.

(j) Organizing corporations, limited liability companies, partnerships, limited liability partnerships or other entities to act as designees of the Association in acquiring title to or leasing of Residential Units on behalf of all Residential Owners.

(k) Obtaining insurance for the Association.

(l) Making repairs, additions and improvements to, or alterations of, the Residential Common Elements, and repairs to and restoration of the Residential Common Elements in accordance with the other provisions of the Master Deed or these Bylaws after damage or destruction by fire or other casualty, as a result of condemnation or eminent domain proceedings or, as needed, to maintain and improve the Residential Common Elements.

(m) Granting utility and other easements and licenses under, through or over the Residential Common Elements, which are reasonably necessary to the ongoing development and operation of the Steel District Lofts Condominium.

(n) The adoption of Rules and Regulations consistent with the Governing Documents.

(o) Any of the powers and duties set forth under the Governing Documents or the South Dakota Non-Profit Corporation Act, SDCL Chapters 47-22 through 47-26, as amended or replaced from time to time.

3.6. Election and Term of Office. At the Initial Meeting of Residential Owners, the Residential Owners will establish the number of director positions on the board of directors, and will elect the board of directors. Initially, approximately an equal number of directors will be elected for one-year terms, two-year terms, and three-year terms. At the expiration of the initial term of office of each respective director, a successor will be elected to serve for a term of three years. Residential Owners may cast votes equal to the number of director positions to be filled but may not cumulate votes by casting more than one vote for a person who is a candidate for election.

3.7. Resignation. A director may resign at any time by providing written notice to the president or secretary. Notice of resignation will be effective upon receipt or at a later time designated in the notice. A successor will be appointed as provided in Section 3.9.

3.8. Removal of Members of the Board of Directors. The Declarant may remove one or more members of the board of directors at any time during the Declarant Control Period. Following the Declarant Control Period, the Residential Owners may, at any regular or special meeting, remove any director (with or without cause) by a vote of the Residential Owners of at least 67% of the Units represented at a meeting at which a quorum exists, and a successor may then or thereafter be elected to fill the vacancy by the Residential Owners of at least a majority of the Residential Units represented at a meeting at which a quorum exists. Any member of the board

of directors whose removal has been proposed must be given an opportunity to be heard at the meeting to discuss and vote on his or her removal.

3.9. Vacancies. Vacancies in the board of directors during the Declarant Control Period caused by any reason will be filled by the Declarant. Vacancies in the board of directors occurring after the Declarant Control Period, caused by any reason other than removal as set forth in Section 3.8, will be filled by a vote of a majority of the remaining members of the board of directors at a special meeting, held for that purpose, promptly after the occurrence of any such vacancy, even though the directors present at the meeting may constitute less than a quorum. Each Person so elected will be a member of the board of directors until a successor is elected at the next annual meeting of Residential Owners.

3.10. Meetings of the Directors.

3.10.1. Regular Meetings. The board of directors will meet from time to time as determined by a resolution of the board without notice other than the resolution.

3.10.2. Annual Meetings. The board of directors will hold an annual meeting each year at a time and date to be determined by the board of directors to elect officers and attend to any other business which is pending before the board of directors.

3.10.3. Special Meetings. Special meetings of the board of directors may be called by the president or any two directors. Notice of the time and place of special meetings must be given to each director in any manner at least three days before the special meeting.

3.10.4. Waiver of Notice. The attendance of a director at a board meeting will constitute a waiver of a notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business. In addition, a director may submit a signed waiver of notice of a meeting.

3.10.5. Quorum. A majority of the directors then in office constitutes a quorum for the transaction of business at any meeting of the board of directors.

3.10.6. Majority. At any board meeting at which a quorum is present, actions voted on by a majority of the directors present will constitute authorized actions of the board of directors, except in those instances in which a majority exceeding a simple majority is required by the Governing Documents or by statute.

3.10.7. Consent to Board Action. Any action required or permitted to be taken by the board of directors may be taken without a meeting if, before or after the action, all directors consent to the action in writing. Written consents must be filed with the minutes of the proceedings of the board of directors.

3.11. Compensation of Directors. During the Declarant Control Period, the Declarant will determine the compensation of the directors. Following the Declarant Control Period, directors may be compensated, but only upon the affirmative vote of Residential Owners of at least a majority of the Residential Units represented at a meeting at which a quorum exists.

3.12. Liability of the Board of Directors. Directors will not be liable to Residential Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association will defend, indemnify and hold harmless each member of the board of directors against all contractual liability to others arising out of contracts approved by the board of directors on behalf of the Association, unless a contract was made in bad faith, or contrary to the provisions of the Governing Documents. It is intended the members of the board of directors will have no personal liability with respect to any contract made by them on behalf of the Association.

3.13. Borrowing Money/Pledging Assets. During the Declarant Control Period, the board of directors will have the power, subject to the approval of the Declarant, to borrow money and pledge or mortgage assets for the purpose of construction, maintenance, repair or restoration of the Residential Common Elements and for other purposes. During the Declarant Control Period, the Declarant will also have the power to borrow money and pledge or mortgage assets for the purpose of construction, maintenance, repair or restoration of the Residential Common Elements without the approval of the board of directors. Following the Declarant Control Period, the board of directors will have the power to borrow money up to \$100,000.00 in a single or series of loan transactions, pledge assets and grant a mortgage lien for the purpose of construction, maintenance, repair or restoration of the Residential Common Elements and for other purposes. Following the Declarant Control Period, the board of directors will also have the power, subject to the approval of the Residential Owners, to borrow money in excess of \$100,000.00 in a single or series of loan transactions, pledge assets and grant a mortgage lien for the purpose of construction, maintenance, repair or restoration of the Residential Common Elements and for other purposes.

3.14. Managing Agent. The board of directors may employ a management company, employee or agent at a rate of compensation established by the board to perform duties and services as the board authorizes. The Declarant or any Person related to the Declarant by employment, title, ownership or affiliate status may serve as the managing agent; provided, however, any compensation paid to the Declarant or such person must be at market rates.

ARTICLE 4 OFFICERS AND COMMITTEES

4.1. Designation. The Association's officers will be a president, vice president, secretary and treasurer, all of whom will be elected by the board of directors.

4.2. Qualification. The president, vice president and treasurer must each be a member of the board of directors. One person may hold two offices, except one person may not hold the

offices of president and vice president at the same time. The secretary need not be a member of the board of directors.

4.3. Election. Officers will be elected by the board of directors at the annual meeting of the board of directors or at any regular or special meeting of the board of directors as set forth in Section 4.6.

4.4. Resignation. An officer may resign at any time by providing written notice to the president or secretary. Notice of resignation will be effective upon receipt or at a later time designated in the notice. A successor will be appointed as provided in Section 4.6.

4.5. Removal of Officers. The board of directors may, at any annual, regular or special meeting of the board of directors, remove any officer (with or without cause) by a majority vote of the directors, excluding the officer if he or she is also a director.

4.6. Vacancies. A vacancy in an office may be filled by a majority vote of the board of directors, excluding the officer who was removed, if the officer was removed from office and remains on the board of directors.

4.7. Offices.

4.7.1. President. The president will be the chief executive officer of the Association and will have authority over the general control and management of the Association's business and affairs. The president will sign all Association documents and agreements, unless the president or the board of directors instructs the signing be done with or by some other officer, agent, or employee. The president will see that all actions taken by the board of directors are executed and will perform all other duties incident to the office. This duty is subject, however, to the president's right and the right of the board of directors to delegate any specific power to any other officer.

4.7.2. Vice President. The vice president will have the power to perform duties that may be assigned by the president or the board of directors. If the president is absent or unable to perform his or her duties, the vice president will perform the duties until the president is able to resume fulfilling his or her duties or the board of directors directs otherwise. The vice president will perform all duties incident to the office.

4.7.3. Secretary. The secretary will: (a) keep minutes of board of directors and Residential Owner meetings; (b) be responsible for providing notice to each Residential Owner as required by law, statute or any of the Governing Documents; (c) be the custodian of Association's records; (d) keep a register of the names and addresses of each Residential Owner, officer, and director; and (e) perform all duties incident to the office and other duties assigned by the president or the board of directors.

4.7.4. Treasurer. The treasurer will: (a) have charge and custody over corporate funds and securities; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the Association at depositories designated by the board of directors; (d) complete all required tax filings; and (e) perform all duties incident to the office and other duties assigned by the president or the board of directors.

4.8. Compensation of Officers. During the Declarant Control Period, the Declarant will determine the compensation of the officers. Following the Declarant Control Period, officers may be compensated, but only upon the affirmative vote of the board of directors.

4.9. Committees. The board of directors may, by resolution, create one or more committees to exercise any powers of the board of directors in managing the Association's business affairs. Each committee will operate in accordance with the terms of the resolution of the board of directors designating the committee or with rules adopted by the board of directors.

ARTICLE 5 BUDGET

5.1. Annual Budget. The board of directors will prepare an estimated annual budget for each fiscal year. The board of directors will work with the Commercial Owner to determine the Residential Owners' respective obligations to pay their proportionate shares of the Combined Common Element Expenses for the year. In addition to the foregoing, the budget will take into account the Association's estimated income and cash requirements for the year, and the Residential Common Expenses, including, but not limited to, salaries, wages, payroll taxes, management fees, legal and accounting fees, working capital funds, supplies, materials, parts, services, maintenance expenses, repairs, replacements, insurance, fuel, power, insurance premiums, real estate taxes and special assessments and all other Common Expenses. The annual budget will set forth each Residential Owner's proposed Percentage Allocation of Residential Common Expenses. To the extent assessments and other cash income collected from the Residential Owners during the preceding year were more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, will also be taken into account. The annual budget will provide for a reserve for contingencies for the year, and a reserve for replacements, in reasonable amounts as determined by the board of directors.

5.2. Budget Adoption. The estimated annual budget for each fiscal year will be adopted by the board of directors and will be subject to the Declarant's approval during the Declarant Control Period. Copies of the approved budget will be furnished to each Owner by the board of directors. The Commercial Owner may establish reserve funds for capital improvements and replacements of the Combined Common Elements. The board of directors may establish reserve funds for capital improvements and replacements of the Residential Common Elements. The funds for capital improvements and replacements for the Residential Common Elements will require the approval of the Declarant during the Declarant Control Period. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each

Residential Owner will pay, as its respective monthly assessment for the Combined Common Expenses and for the Residential Common Expenses, one-twelfth (1/12) of the Residential Owner's proportionate share of the Combined Common Expenses and the Residential Common Expenses for the year as shown by the annual budget. Each Residential Owner's proportionate share will be in accordance with the Residential Owner's Combined Percentage Allocation for the Combined Common Expenses, the Residential Owner's Residential Percentage Allocation for the Residential Common Expenses, plus any expenses incurred or to be incurred with respect to the Residential Owner's Limited Common Elements, if any. In the event the Association does not approve an estimated annual budget or fails to determine a new monthly assessment for any year, or is delayed in doing so, each Residential Owner will continue to pay each month the amount of its respective monthly assessment as last determined or as otherwise directed by the board of directors. Each Residential Owner will pay its monthly assessment on or before the first day of each month or as may be otherwise directed by the board of directors. No Residential Owner will be relieved of its obligation to pay its assessment by abandoning or not using its Residential Unit, the Combined Common Elements or its respective Limited Residential Common Elements.

5.3. Partial Year or Month. If the first fiscal year, or any succeeding fiscal year, is less than a full year, then the monthly assessments for each Residential Owner will be proportionate to the number of months and days in such period covered by the budget. The date of the first assessment payment will be determined by the board of directors.

5.4. Supplemental Budget. In the event during the course of any year it appears to the board of directors the monthly assessments, determined in accordance with the estimated annual budget for the year, are insufficient or inadequate to cover the estimated Combined Common Expenses and Residential Common Expenses for the remainder of the year, or if there are any nonrecurring Combined Common Expenses and Residential Common Expenses, or if there are Combined Common Expenses and Residential Common Expenses not set forth in the annual budget as adopted, then the board of directors will prepare a supplemental budget covering the estimated deficiency for the remainder of the year, copies of which supplemental budget will be furnished to each Residential Owner, and a supplemental assessment will be made to each Residential Owner for its share of the supplemental budget, subject, nevertheless, to the following rules: any nonrecurring Combined Common Expenses and Residential Common Expenses, any of the foregoing not set forth in the budget as adopted, and any increase over the amount adopted in the annual budget may be separately assessed against all of the Residential Owners in accordance with the allocations described in Section 5.2.

ARTICLE 6 INDEMNIFICATION

6.1. Directors and Officers. The Association will defend, indemnify, hold harmless and advance expenses to any person who is or was a party to any threatened, pending or completed suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he or she is a party due to being or having been a director or officer of the

Association, whether or not he or she is a director or officer at the time the expenses are incurred, except as otherwise prohibited by law.

ARTICLE 7 MISCELLANEOUS

7.1. Severability. If any of the terms, provisions, or covenants of the Governing Documents are held to be partially or wholly invalid or unenforceable for any reason, the holding will not affect, after, modify, or impair any of the other terms, provisions or covenants of the documents.

7.2. Conflicting Provisions. In the event of a conflict between the South Dakota Non-Profit Corporation Act or other laws of the State of South Dakota and any of the Governing Documents, the Act or other laws will govern. In the event of a conflict between the provisions of any one or more of the Governing Documents themselves, the following order of priority will govern:

7.2.1. The Master Deed.

7.2.2. The Articles of Incorporation.

7.2.3. These Bylaws.

7.2.4. The Rules and Regulations of the Association.

7.3. Amendment. During the Declarant Control Period, these Bylaws may be amended, repealed and restated from time to time by the Declarant or by the board of directors with the approval of the Declarant. Following the Declarant Control Period, these Bylaws may be amended, repealed and restated by the affirmative vote of the Residential Owners of a majority of the Residential Units entitled to vote at a meeting at which a quorum exists. Following the Declarant Control Period, these Bylaws may also be amended, repealed and restated by the affirmative vote of the board of directors, except for any bylaw provision adopted by the Owners with a statement the board of directors may not further amend the bylaw provision.

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CERTIFICATION OF BYLAWS

The undersigned, as the Secretary of the Board of Directors of the corporation, certifies the foregoing Bylaws of the corporation were adopted by the Board of Directors on _____, 2021, as set forth in the writing in lieu of the meeting.

The effective date is _____, 2021.

STEEL DISTRICT LOFTS
CONDOMINIUM ASSOCIATION

By _____

(Printed Name)

Its Secretary

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