CONDOMINIUM DECLARATION OF THE LIGHTHOUSE IN PORT WASHINGTON CONDOMINIUM

This Declaration is made pursuant to the Condominium Ownership Act of the State of Wisconsin, chapter 703 of the Wisconsin Statutes (hereinafter sometimes referred to the "Act") this 13th day of May, 2002, by P.W. Lighthouse, LLC, a Wisconsin Limited Liability Company (hereinafter referred to as "Declarant").

1 Statement of Declaration

The purpose of this Declaration is to submit the lands hereinafter described and the improvements constructed or to be constructed thereon to the condominium form a ownership in the manner provided by the Act and this Declaration.

Declarant hereby declares that it is the sole owner of the real property described in section 2 hereof, together with the building and improvements thereon or to be constructed thereon (hereinafter referred to as "the property"). The property is hereby submitted to the condominium from of ownership as provided in the Act and this Declaration, and the property shall be held conveyed, devised, leased, encumbered, used, improved, and in all respects otherwise affected subject to the provisions, conditions, covenants, restrictions and easements of this Declaration and the Act. All provisions hereof shall be deemed to run with the land and shall constitute benefits and burdens to the Declarant, its successors and assigns, and to all parties hereafter having any interest in the property.

2 Name and Address

The real estate described in section 3 and the building and improvements thereon and thereto shall be known as the Lighthouse in Port Washington Condominium. The address of the Condominium is 415 N Lake Street, Port Washington, Ozaukee County, Wisconsin 53074.

3 Legal Description

The following described real estate, also described in the condominium Plate attached hereto, is hereby subjected to the provisions of this Declaration:

All that part of block two (2) of the original plat of port Washington, and block seven (7) of northeast addition, located in the city of Port Washington, County of Ozaukee, State of Wisconsin: commencing at the southwest corner of block 2 of the original plat of Port Washington; thence north 90 degrees 00' 00" east 244.00 feet to the point of beginning; then north 01 degrees 32' 01" west, 33.00 feet; thence north 03 degrees 15' 15" east, 140.10 feet; thence north 22 degrees 51' 52" west, 160.10 feet, thence north 62 degrees 26' 06" east, 111.28 feet; thence south 37 degrees 19' 33" east, 12.82 feet; thence southeasterly 120.12 feet along arc of a 192.29 foot radius curve to the right, said curve having a chord which bears south 19 degrees 25' 47" east, 118.18 feet; thence south 01 degrees 32' 00" east, 250.33 feet; thence south 90 degrees 00' 00" west, 97.30 feet to the point of beginning.

4 Definition and Description of Units

4.1 Number

Forty (40) residential condominium units are hereby declared in the Lighthouse in Port Washington Condominium.

4.2 Definition

A "unit" is the separate area within the building intended for independent, private use, as a residential dwelling, comprised of one or more cubicles of air at one or more levels of space, having out boundaries formed by the interior surfaces of the perimeter walls, floors, and ceilings, including the windows, window frames, doors and door frames of the units as said boundaries are show in the condominium plat attached hereto, together with all fixtures and improvements therein contained.

4.3 Identification

The units are designated by number, and indicate the floor in the building on which the unit is located and the unit type. For example, the "Northern Clipper" unit on the third floor of the residential units would be unit 305. Unit 806 on the 8th floor is a double unit, and shall continue to be treated as a combined unit 1 and unit 4 for all purposes, including allocating ownership percentages, assessments, and votes of unit owners. The unit designations and locations, as well as floor plans for the various unit types, are as set forth in the condominium plat attached hereto. The post office address of each unit will be the unit number, 415 Lake Street, Port Washington WI 53074. The approximate dimensions and floor area of each unit, number of rooms, immediately adjacent common elements to which the units have access, complete post office address, and further details identifying and describing the units are as set forth in the condominium plat.

5 Description and Location of Building

The building on the real estate describe in section 3 above is (10) stories in height, containing eight (8) floors of residential condominium units, over two (2) floors of parking. The building stands approximately 85 feet above ground level. There are five (5) condominium units on each floor, and two (2) floors of parking contain a total of forty-seven (47) indoor parking spaces, most of which shall be assigned to units as limited common elements as shown in the condominium plat. The building is constructed principally of concrete and steel, with a single ply membrane roof. The building is to be located on the real estate as indicated in the condominium plat, and floor plans of the building and unit types are attached hereto as a part of he condominium plat.

Declarant reserves the right to change the layout, location, dimensions and construction details of the building, units and common elements shown on the condominium plat which are not yet fully constructed, provided that such changes shall not substantially alter the nature and quality of the building and units. The Declarant further reserves the right to combine two or more units into one unit by modifying or eliminating the walls between units; however, any units which have been combined shall continue to be treated as separate units for purposes of allocating ownership percentages, assessments, and votes of unit owners.

6 Common Elements and Facilities

6.1 Description

The "common elements" shall consist of all of the condominium property, improvements and appurtenances, except the individual units and fixtures therein, as defined hereunder. The common elements shall include, without limitation, the land on which the building is located; private roads and driveways; a total of eighty-two (82) indoor and outdoor parking spaces; landscaped green spaces, common sidewalks and walkways; the building structure and exterior; the parking levels of the building; balconies; trash room on the first level of parking; exterior walls; building roof; foundations; pipes; ducts; electrical wiring and conduits; common utility services; public utility lines, water services, lines and valves; building sprinkler system; security systems; master communication/television cable or antenna and lines; and the landscaping comprising or which my comprise the condominium property. Common elements may be subject to certain restrictions on use contained herein or in the By-Laws or Rules and Regulations of the Association, such a limitation on certain parking spaces to usage by visitors or guests of unit owners or tenants.

6.2 Parking

The Lighthouse in Port Washington Condominium includes a total of forty-seven (47) indoor garage parking spaces on the first two (2) levels of the building, and thirty-five (35) outdoor surface parking spaces. Forty-six (46) of the indoor parking spaces, and thirty-four (34) of the outdoor parking spaces, shall be assigned to units as limited common elements as set forth in section 7.3, so that each unit shall be assigned two (2) parking spaces for the exclusive use of such unit, at least one (1) of which shall be an indoor parking space. The remaining parking spaces shall be unassigned, and remain available for use by visitors and guests of unit owners, as common elements of the condominium, subject to the rules and regulations promulgated by the association.

6.3 Easements

Each unit owner shall have an easement to the space between the interior and exterior walls or common walls of his unit for purposes of adding additional utility outlets, wall hangings, erection of non-bearing partition walls, and the like, where space between the walls may be necessary for such uses, provided that the unit owner shall do nothing to impair the structural integrity of the building, and provided further that the common elements and facilities be restored to their former condition by the unit owner at his sole expense upon completion or termination of the use requiring the easement. Easements are hereby granted and declared for the benefit of the unit owners and the association of unit owners (hereinafter described) for the installation, maintenance and repair of common utility services in an on any part of the common elements or units.

7 Limited Common Elements

7.1 Description

A portion of the common elements and facilities are designated as "limited common elements," as shown in the condominium plat. Such limited common elements shall be assigned to and reserved for the exclusive use of the owner or occupant of the unit to which they are appurtenant, to the exclusion of all other units in the condominium. Such limited common elements consist of the exterior balconies appurtenant to the units, and assigned parking spaces, as described in detail below, and such other limited common elements as may be identified in the condominium plat.

7.2 Balconies

All balconies adjacent to unit is the Lighthouse in Port Washington condominium shall constitute limited common elements, and the exclusive use of such balcony shall be and is hereby assigned to the appurtenant condominium unit as shown in the condominium plat.

7.3 Assigned Parking

The forty-six (46) assigned indoor garage parking spaces on the first tow (2) levels of the building, and the thirty-four (34) assigned outdoor parking spaces, shall constitute limited common elements. Such eight (80) assigned parking spaces have been designated for the exclusive use of the respective units to which assigned, so that each unit shall be assigned two (2) parking spaces, at least one (1) of which shall be an indoor parking spaces. The respective units to which parking spaces are assigned are shown in the condominium plat attached hereto. The remaining parking spaces shall not be subject to assignment, and shall not be limited common elements, but shall be maintained by the association for guest and visitor parking under such rules and regulations as the association may determine from time to time.

7.4 Use

The manner of use of the limited common elements shall be governed by the By-Laws of, and such rules and regulations as may be established by, the association of unit owners, and no unit owner shall alter, remove, repair, paint, decorate, landscape or adorn any limited common element, or permit such, in any manner contrary to such By-Laws and rules and regulations. No major or structural changes or alterations shall be made by any unit owner to any of the limited common elements without the prior written approval of the association, which approval may be given upon such terms and conditions as the association deems appropriate, including requirements for maintenance of the alterations by the unit owner.

8 Ownership of Unit and Percentage of Ownership in common Elements and Facilities and Limited Common Elements

Each unit owner shall own a fee simple interest in his or her condominium unit. Each unit owner shall also own an undivided interest in the common elements and facilities and limited common elements in the Lighthouse in Port Washington condominium as a tenant in common with all other unit owners and, except as otherwise limited in this Declaration, shall have the right to use and occupy the common elements and facilities for al purposes incident to the use and occupancy of his or her unit as a place of residence, and such other incidental uses permitted by this Declaration, which shall be appurtenant to and run with his or her unit.

The percentage of such undivided ownership interest in the common elements and facilities and limited common elements relating to each unit and its owner for all purposes, including ownership, voting, and proportionate payment of common expenses, shall be equal, so that each of the forty (4) units shall have an appurtenant percentage undivided ownership interest in the common elements of two and one-half percent (2.5%).

9 Association of Unit Owners

9.1 Membership, Duties and Obligations

All unit owners shall be entitled and required to be a member of an association of unit owners to be known as Lighthouse Condominium Association, Ltd. (herein "Association") which shall be responsible for carrying out the purposes of this Declaration, including the exclusive management and control of the common elements and facilities and limited common elements. Such association shall be incorporated as a non-profit corporation under the laws of the state of Wisconsin. Each unit owner and the occupants of the units shall abide by and be subject to al of the rules, regulations, duties and obligations of this Declaration and the By-Laws and rules and regulations of the association.

9.2 Voting Rights

Each unit shall be entitled to one (1) vote at meetings of the Association. Only one membership and one vote shall exist for each unit; if title to a unit is held by more than one person, the membership and vote related to that unit shall be shared by such owners in the same proportionate interests and by the same type of tenancy in which title to the unit is held. Voting rights may not be divided for purposes of casting votes, however, and shared membership interests must be voted pursuant to the designation contained in the Membership list maintained pursuant to the By-Laws. The Declarant shall be entitled to cast the votes pertaining to any unit or units declared as a part of the condominium but not sold until such time as the respective units are completed and sold by Declarant or its successors or assigns.

The respective rights, qualifications and obligations of the members shall be as set forth in the By-Laws of the Association.

9.3 Declarant Control

Notwithstanding any other provisions herein contained, Declarant, its successors and assigns, shall have the right at its option to appoint and remove the members of the Board of Directors and officers of the association and to amend the By-Laws or rules and regulations of the Association, until the earlier of (a) three (3) years from the date of first sale of a unit be Declarant; (b) thirty (30) days after the conveyance of seventy five percent (75%) of the common element interest to purchasers by Declarant, or 9c) until such earlier time as may be determined by Declarant, subject in each case to provisions of the Act. Each owner of a condominium unit shall be deemed by acceptance of any deed to any unit to agree, approve, and consent to the right of Declarant to so control the association.

9.4 Association Personnel

The Association may obtain and pay for the services of any person or entity to manage its affairs to the extent it deems advisable, and may hire such other personnel as it shall determine to necessary or advisable for the proper operation of the condominium. The association may contract for common services or utilities as may be required for each unit.

9.5 Association Records

The Association shall have current copies of this Declaration, the Articles Incorporation and the By-Laws of the Association, the Condominium Plat, any rules or regulations affecting the Lighthouse in Port Washington Condominium, and the association's books, records and financial statements, available for inspection during normal business hours by unit owners or by holders, insurers or guarantors of first mortgages secured by condominium units in the condominium. Upon written request, the Association shall provide a written financial statement for the preceding fiscal year to any such holder, insurer or guarantor.

10 Purpose

Residential Purpose. The condominium building and the units therein contained are intended for and restricted exclusively to residential uses as governed by the terms and conditions contained herein and the By-Laws of the Association. Notwithstanding the foregoing, the Declarant reserves the right, at its option an in its sole discretion, to use and occupy various units, select by the Declarant, as "model" units and sales office, unit such time as all units have been sold, or leased, or until such earlier time as may be determined by Declarant.

11 Repairs and Maintenance.

11.1 Individual Units

Each unit owner shall be responsible for keeping the interior of his/her unit and all of its equipment, fixtures and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall be responsible for interior decorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the unit, al as is more fully set forth in the By-Laws of the Association. Each unit owner must perform properly or cause to be performed all maintenance and repair work within his own unit and limited common elements which if omitted would affect the project in its entirety or in a portion belonging to other owners, and such owner shall be personally liable to the Association or to adjoining unit owners, as the case may be, for any damages caused by his failure to do so. The association may enter the unit pursuant to section 11.6 herein to accomplish needed repairs or maintenance for which the unit owner is responsible; the determination of the necessity of such repairs by the association shall be final and binding.

Without in any way limiting the foregoing, in addition to decorating and keeping the interior of the unit in good repair, each unit owner shall be responsible for the maintenance, repair or replacement of any damaged exterior doors and windows (including replacement of broken glass), patio doors, screens and screening, door bells and lighting fixtures, as well as appliances, refrigerators, ranges, heating and air conditioning equipment, including appurtenant compressor and equipment, plumbing lines and fixtures, dishwashers, disposals, laundry equipment such as washers and dryers, individual water heaters, interior electrical wiring and fixtures, or other equipment which may be in, or connect with, the unit or the limited common elements appurtenant to the unit. Unit owners shall be responsible for utility and communication services that are separately metered and/or delivered to the respective units, such as electricity, natural gas, telephone, premium cable television and other communications services, to the extent not provided in common through the association, and any other services metered or charged individually to the respective units. For purposes of uniformity of external appearance and quality, the association may specify the type, color and quality of materials to be used in replacing, repairing, painting or maintaining external fixtures

such as entry doors, balcony shutters and screening, and other items which may be determined from time to time by the Board of Directors of the association.

11.2 Common elements and Facilities

The association shall be responsible for the management and control of the common elements and facilities and limited common elements, and shall cause the same to be kept in good, clean, attractive and sanitary condition, order, and repair, as provided in the By-Laws of the Association. Without in any way limiting the foregoing, this shall include all structural repairs, routine painting, repair, and maintenance of building exteriors, including walls, roof, and balconies, lobbies, hallways and elevators, exterior entry doors and garage doors, and repair and maintenance of utility lines, parking areas, walkways and driveways, lawns and landscaping, as is all more fully set forth in the By-Laws. All expenses of maintenance of the common elements and facilities shall be a common expense of the association. In the even any repair or maintenance of the common elements is necessitated by reason of the negligence or misuse of a unit owner or the guest or agent of a unit owner, such expense shall be charged and specially assessed against the responsible unit owner and his/her unit.

11.3 Limited Common Elements

Each unit owner, at the unit owner's expense, shall keep the limited common elements appurtenant to his unit, as defined in section 7 hereof and as described in the condominium Plat, in a good, clean, sanitary and attractive condition.

11.4 Alterations

The association shall have control over all additions, improvements and alterations to common elements and limited common elements. Individual unit owners may make alterations or additions to common or limited common elements only upon application to and prior approval by the association. Individual unit owners shall be responsible at their sole expense for maintenance, repair and upkeep of all such approved individual additions, improvements, alterations and changes made to the common or limited common elements, including any screening or shutters installed on balconies.

11.5 Prohibition Against Structural Changes by Owner

A unit owner shall not, without first obtaining the written consent of the association, make or permit to be made any structural alterations, changes or improvements to his/her unit, or in or to the exterior of the building or any common or limited common elements and facilities, or make or install nay improvements or equipment which may affect other units or the owners of other units. A unit owner shall not perform, or allow to be performed, any act or work which will impair the structural soundness of integrity of the building or units, or the safety of the property, or impair any easement or property right, without the prior written consent of the association.

11.6 Entry for Repairs

The association may enter any unit at reasonable times and under reasonable conditions when necessary in connection with any maintenance, construction or repair or for any other matters for which the association is responsible, or to accomplish maintenance for which the unit owner is responsible hereunder. Such entry shall be made with prior notice to the owners, except in the case of any emergency when personal injury or property damage may result from delayed entry, and with a little inconvenience to the owners as practicable, and any damage caused thereby shall be repaired by the association and treated as a common expense except as allocable to an individual unit or units in the discretion of the Board of Directors. Repairs or maintenance for which the unit owner is responsible shall be specially assessed against such unit owner.

11.7 Decorating

Each unit owner shall have the exclusive right to carpet, pain, repaint, tile, panel, paper or otherwise refurbish and decorate the interior sources of the walls, ceilings, floors and doors forming the boundaries of his/her unit and all walls, ceilings, floors and doors within such boundaries, and to erect partition walls of a non-structural nature within the unit.

12 Permitted and Prohibited Activities Concerning Units

12.1 Relocation of Boundaries

Unit owners in the Lighthouse in Port Washington Condominium may relocate unit boundaries between adjoining units upon compliance with the provisions hereof and the Condominium Act:

12.1.1 Written Application

An owner or owners of adjoining units in the Lighthouse in Port Washington Condominium who wish to relocate mutual unit boundaries shall make written application to the President of the Association. The written application shall identify the units involved and shall specify the proposed reallocation of the aggregate undivided interest in the Common Elements appertaining to the units involved in the relocation. The application shall also contain a proposed reallocation of the votes and future common expenses in the Association with respect to the units involved in the relocation for approval by the Board of directors of the Association.

12.1.2 Notice and Meeting

Upon Receipt of the written application, the President of the Association shall give written notice to all other unit owners advising of the proposed relocation of boundaries, stating the units involved in the relocation and the proposed reallocation of votes, common expenses and undivided ownership interest in the Common Elements. The notice to unit owners shall be delivered within ten (10) days after the written application is received. The Board of directors of the Association shall meet to consider the relocation and the reallocation of allocated interest no earlier than thirty (30) days after notice is given to the unit owners and no later than sixty (60) days after the written application is received.

12.1.3 Amendment to Declaration

Upon consideration by the Board of Directors at such meeting, and Board approval as to the reallocation of allocated interests in the Association, the President shall direct the preparation and execution of appropriate instruments, including an Amendment to this Declaration. The Amendment shall identify the units involved and shall state that boundaries between those units are being relocated by agreement of the unit owners thereof. The Amendment shall contain words of conveyance between the said unit owners, and shall specify the reallocation of allocated interests appertaining to the units as relocated, the use of Limited Common Elements appurtenant to the relocated units, and a statement that the use of Limited Common Elements appurtenant to the relocated units, and a statement that common expenses and special assessments of the Association shall thereafter be assessed in accordance with the percentage of undivided ownership interest in the Common Elements appurtenant to the relocated units. Plats and plans showing the relocated boundaries and the dimensions of the units and the identifying unit numbers shall be prepared and certified in accordance with requirements of the Act.

12.1.4 Effective Date

After appropriate instruments have been prepared and executed by the president and Secretary of the Association, the instruments shall be delivered to the requesting unit owners upon payment by such unit owners of all charges and expenses incurred by the Association for the preparation of such instruments and documents. The relocation of boundaries and the instruments shall be effective only when signed by the requesting unit owners and recorded with the Register of Deeds for Ozaukee County, Wisconsin. The effective date shall be the date of recording.

12.2 No Subdivision

No unit in the Lighthouse in Port Washington Condominium may be subdivided or separated, except that units which have relocated boundaries in accordance with the foregoing provisions may thereafter be separated, provided that no resulting unit shall be small in square footage or percentage of undivided interest in the Common Elements than the units as originally declared by this Declaration. The procedures for separation of units which have relocated boundaries shall be as stated in the Condominium Act.

12.3 Connection of Units

An owner or owners of adjoining units, at their sole expense, may connect two units in the Lighthouse in Port Washington Condominium by modifying or eliminating the walls between units to create one independent dwelling for private, residential use, provided that nothing shall be done which will impair the structural integrity of the building, and prior approval of the Association must be obtained upon application to the Association with notice to all unit owners in the Condominium, in accordance with the procedures set forth in Sections 12.1.1 and 12.1.2 above, except that no changes in ownership percentages, share of common expenses, or voting rights shall be accomplished, an amendment to the Declaration need not be prepared, and any units which have been combined shall continue to be treated as separate units for purposes of allocating ownership percentages, assessments and votes of unit owners. Any connection so approved shall be accomplished only in accordance with any terms and conditions specified by the Board of Directors in connection with such approval. The connection may be undone and common elements and facilities affected by such procedures may be restored to their former condition by the unit owner or owners of the connected units at their sole expense upon further application to and approval of the Association as set forth above.

12.4 No Time-Sharing

There shall be no time-sharing, nor any time-share interest created, in any units or common elements, or any interest therein, in the Lighthouse in Port Washington Condominium.

12.5 No Partition

There shall be no partition of the common elements and facilities and limited common elements through judicial proceedings or otherwise, except as otherwise provided in the Declaration, until this Declaration is terminated and the property is withdrawn from its terms or from the terms of the applicable statutes regarding unit ownership or condominium ownership. Provided, however, that if any unit shall be owned by two or more co-owners as tenants in common or as joint tenants, nothing contained herein shall be deemed to prohibit voluntary or judicial non-physical partition of said single unit as between such co-owners.

13 Destruction and Reconstruction

In the event of a partial or total damage or destruction of the building or any other part of the common elements, such shall be repaired and rebuilt as soon as practicable and substantially to the same design, plan and specifications as originally built, so as to be compatible with the remainder of the condominium. The proceeds of any insurance provided by the Association and collected for such damage or destruction shall be available to the Association for the purpose of repair or reconstruction, as provided in section 14 hereof.

However, if the repair or reconstruction of the damage or destruction would exceed available insurance proceeds, within 90 days of the date of the damage or destruction, the Association may determine not to rebuild or repair by written consent of at least 75% of the votes in the Association (such written consent is not effective unless approved by the mortgagee of the unit, if any). In such event, the property shall be subject to an action for partition and shall be partitioned pursuant to §703.18 of the Wisconsin Statutes, providing for distribution of net proceeds of sale of the property and net proceeds of insurance in proportion to the undivided percentage ownership interests in the common elements and in accordance with the priority of interests in each unit.

On reconstruction, the design, plan and specifications of the building or units may vary from that of the original upon approval of the Association, provided, however, that the number of square feet of any unit may not vary by more than five percent (5%) from the number of square feet for such unit as originally constructed, and the location of the building and units shall be substantially the same as prior to damage or destruction. If it is determined to repair and rebuild, all costs of repair or reconstruction in excess of available insurance proceeds shall be a common expense, and the Association shall have the right to levy assessments as a common expense against all unit owners to the extent that the proceeds of any insurance collected are insufficient to pay the estimated or actual costs of repair or reconstruction.

14 Insurance

14.1 Units

Individual unit owners shall provide insurance for the interior of their respective units and all fixtures and improvements contained therein. Premiums for such insurance shall be an individual expense of the respective unit owners.

14.2 Common Elements

The Association shall provide and maintain fire and broad form extended coverage insurance on the building, improvements, and any other common elements and limited common elements and any portion thereof which are a part of the property, in an amount not less than the full replacement value thereof from time to time. Such insurance shall be obtained in the name of the Association as trustee for each of the unit owners and their respective mortgagees in the percentages established in this Declaration, as their interests may appear. Premiums shall be a common expense.

In the vent of partial or total destruction of the building or other common elements, and the repair or reconstruction of the same in accordance with section 13 hereof, the proceeds of such insurance shall be paid to the Association as trustee to be applied to the cost thereof. If it is determined not to reconstruct or repair, then the insurance proceeds together with the net proceeds of sale, shall be distributed to the unit owners and their mortgagees, if any, as their respective interests may appear, in the manner provided by the Act.

14.3 Combined Insurance

If insurance coverage is available to combine protection for the Association and the unit owner's individual unit, the Board of Directors is hereby given discretionary power to negotiate such combination of insurance protection on an equitable cost-sharing basis under which the unit owner would be assessed individually for the amount of insurance which he/she directs the Board of Directors to include in such policies for his/her additional protection. Copies of all

such policies shall be provided to each mortgagee. Nothing contained in this paragraph shall be deemed to prohibit any unit owner, at his/her own expense, to provide any additional coverage on his/her improvements or on his/her unit which will not duplicate any insurance provided by the Association.

14.4 Liability Insurance

The Board of Directors shall also provide public liability insurance covering the common elements and facilities and the limited common elements with respect to all claims commonly insured against in such amounts as may be determined at the discretion of the Board of Directors from time to time. The Board of Directors shall also provide workman's compensation insurance, directors' and officers' liability insurance and fidelity bonds on such officers and employees in such amounts and wit such coverage as is determined by the Board of Directors to be necessary or advisable from time to time.

14.5 Terms of Insurance

To the extent possible, the insurance shall provide that the insurer waives its rights of subrogation as to any claim against unit owners, the Association, and their respective agents, invitees and guests, and the insurance cannot be cancelled, invalidated nor suspended on account of conduct of any one or more unit owners, or the Association, or their agents, invitees or guests, without thirty (30) days prior written notice to the Association giving it opportunity t cure the defect within that time. The amount of protection and the types of hazards to be covered shall be reviewed by the Board of Directors at least annually and the amount of coverage may be increased or decreased at any time it is deemed necessary as determined by the Board of Directors to conform to the requirements of full insurable value.

15 Liability for Common Expenses

The costs of administration of the Association, insurance, repair, maintenance and other expenses of the building, improvements, the common elements and facilities and limited common elements, including common services provided to the unit owners such as professional management services, security systems, utility services to common elements, all water and sever service to the building and units, common cable, security telephone, or similar communications services, trash removal, snow removal, and repair and maintenance of landscaping, walkways, driveways, and parking areas, and all other expenses of the property, shall be paid for by the Association. The Association shall make assessments against the unit owners and the units for such common expenses in accordance with the percentage of the undivided interest in the common and limited common elements and facilities relating to each unit, in the manner provided in the By-Laws of the Association. No unit owner may exempt himself or his/her unit ownership from liability for his/her contribution toward the common expenses by waiver of the use or enjoyment of nay of the common or limited common elements and facilities or services or by abandonment of his/her unit. No conveyance shall relieve the unit owner-grantor or his/her unit of such liability, and he/she shall be jointly, severally and personally liable along with his/her grantee in any such conveyance for the common expenses incurred up to the date of sale, until all expenses charged to his/her unit have been paid.

All assessments, when due, shall immediately become a personal debt of the unit owner and also a lien, until paid, against the unit to which charged, as provided in the Act. Assessments shall be made against the unit owners and the units at the beginning of each fiscal year of the Association to meet estimated common expenses of the Association for the ensuing year; however, if prorated and paid in installments, the assessments shall not be considered due until the respective install met payment dates. In the event of delinquency in payment, the Association may assess penalties and interest, and my accelerate annual assessments remaining unpaid with respect to such delinquent unit for purposes of collection or foreclosure action by the Association.

16 Conveyance to Include Interests in common Elements and Facilities and Limited Common Elements

The percentage of undivided interest in the common and limited common elements and facilities shall not be separated from the unit to which it appertains. No unit owner shall execute any deed, mortgage, lease or other instrument affecting title to such unit ownership without including therein both his interest in the unit and his corresponding percentage of ownership in the common and limited common elements and facilities, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

17 Easements, Reservations and Encroachments

17.1 Utilities

Easements are hereby declared and granted for the benefit of the unit owners and the Association and reserved for the benefit of the Declarant for utility purposes, including the right to install, lay, maintain, repair and replace water

lines and pipes, sewer lines, gas mains, telephone wires and equipment, master communication/television antenna system or cable wires and equipment, and electrical conduits and wires and equipment, including power transformers, over, under, along an don any part of the common elements and facilities, to service the condominium property.

17.2 Encroachments

In the vent that by reason of the construction, reconstruction, settlement, or shifting of any building, or the design or construction of any unit, any part of the common elements and facilities, or limited common elements, encroaches or shall hereafter encroach upon any part of any unit, or nay part of any unit encroaches or shall hereafter encroach upon any part of the common elements and facilities, or limited common elements, or any portion of any unit encroaches upon any part of any other unit, valid easements for the maintenance of such encroachment are hereby established and shall exist for the benefit of such unit so long as all or any part of the building containing such unit shall remain standing, and unit and common element boundaries shall be as provide in the Act. Provided, however, that in no event shall a valid easement for any encroachment be created in favor of the owner of any unit or in favor of the owner or owners of the common elements or facilities, or limited common elements, if such encroachment occurred due to the willful and knowing conduct of said owner or owners.

17.3 Rights of Ingress and Egress

Each unit owner shall have an unrestricted right of ingress and egress between his or her unit and the public way that shall be perpetual and pass with the unit upon transfers of ownership.

17.4 Binding Effect

All easements and rights described in the section 17 are easements appurtenant, running with the land, and are subject to the reasonable control of the Association. All easements and rights described herein are granted and reserved to, and shall inure to the benefit of and be binding on, the undersigned, its successors and assigns, and on all unit owners, purchasers and mortgagees and their heirs, personal representatives, successors and assigns. The Association or the Declarant shall have the authority to execute and record all documents necessary to carry out the intent of this section 17.

18 Rights of Action; Failure of Association to Insist on Strict Performance Not Waiver

18.1 Rights of Action

If any unit owner fails to comply with this Declaration or the By-Laws or decisions made by the Association, the Association or any other unit owner may sue such unit owner for damages caused by the failure and injunctive relief. In addition, the Association shall have the enforcement authority contained in the By-Laws of the Association.

18.2 No Waiver

The failure of the Association to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise nay right or option herein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Association of payment of any assessment from a unit owner, with knowledge of the breach of any covenant hereof, shall not be deemed as a waiver of such breach, and no waiver by the Association of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Association.

19 Amendments to Declaration

Except as otherwise provided by the Act with respect to termination of the condominium form of ownership, this Declaration any be amended only with the written consent of unit owners with not less than two-thirds (2/3) of the votes in the Association. A unit owner's written consent is not effective unless it is approved by the mortgagee of the unit, if any. Prior to completion of construction and initial sale of all declared condominium units by Declarant, the consent in writing of the Declarant, its successors or assigns, shall also be required. No amendment shall alter or abrogate the rights of Declarant as contained in this Declaration. Copies of amendments shall be certified by the President and secretary of the Association in a form suitable for recording. A copy of the amendment shall be recorded with the Register of Deeds for Ozaukee County, and a copy of the amendment shall also be mailed or personally delivered to each unit owner at his address on file with the Association.

20 Notices

All notices and other documents required to be given by the Declaration or the By-Laws of the Association shall be sufficient if given to one (1) registered owner of a unit regardless of the number of owners who have an interest therein. Notices and other documents to be served upon Declarant shall be given to the Agent specified for receipt f process herein. All owners shall provide the Secretary of the Association with an address for the mailing or service of any notice or other documents and the Secretary shall be deemed to have discharged his duty with respect to the giving of notice by mailing it or having it delivered personally to such address as is on file with him.

21 Resident Agent

The Resident Agent for the Condominium shall be Michael H. Dilworth, c/0 Ener-Con Builders, 7300 South 13th Street, Suite 101, Oak Creek, Wisconsin 53154, or such other person or entity as may be designated from time to time by the Board of directors of the Association, which designation shall be filed with the Department of Financial Institutions of the State of Wisconsin. A designation of a Resident Agent in replacement of said Agent shall be filed by the Association within thirty (30) days after the date Declarant has sold all units in the Condominium, or at such earlier time as may be requested by said Agent. The Association may designate successors to the Resident Agent by affirmative vote of the unit owners with a majority of the votes present or represented by proxy at a meeting of the Association at which a quorum is in attendance.

22 Mortgagee Rights

The holder, insurer or guarantor of any first mortgage or land contract upon a unit in the Lighthouse in Port Washington Condominium ("Mortgagee"), upon the submission of a request t the Association in writing delivered to the Resident Agent, shall be entitled to receive notice form the Association of the following matters:

22.1 Written notice as to any default or delinquency in the performance by the individual unit owner who is the Mortgagee's mortgagor as to any obligation under condominium documents, which default or delinquency is not cured within thirty (30) days after written notice of said default or delinquency by the Association to the said mortgagor;

22.2 Written notice of the call of any meeting of the membership of the Board of Directors of the Association to be held for the purpose of considering any proposed amendment to the Declaration, the Articles of Incorporation of the Association, or the By-Laws of the Association in any material respect. A change to any of the following is considered material hereunder:

22.2.1 Voting rights;

22.2.2 Assessments, assessment liens, or the priority of assessment liens;

22.2.3 Reserves for maintenance and repairs;

22.2.4 Responsibility for maintenance and repairs;

22.2.5 Reallocation of interests in the common or limited common elements;

22.2.6 Redefinition of any unit boundaries

22.2.7 Expansion or contraction of the Lighthouse in Port Washington Condominium, or the addition or withdrawal of the Property to or from the same;

22.2.8 Insurance or fidelity bond;

22.2.9 Leasing of units;

22.2.10 Imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;

22.2.11 A decision by the Association to establish self-management;

22.2.12 Restoration or repair of the Lighthouse in Port Washington Condominium after a hazard damage or partial condemnation in a manner other than that specified in the Declaration;

22.2.13 Any action to terminate the legal status of the Lighthouse in Port Washington Condominium after substantial destruction or condemnation occurs; or

22.2.14 Any provisions contained in the Declaration that expressly benefit mortgage holders, insurers or guarantors;

22.3 Written notice of any damage or destruction to the common elements of the condominium, including building structure, fixtures and equipment which are a part of the common elements, which is in a aggregate amount exceeding $100,00, at such time as such damage or destruction is known to the Board of Directors;

22.4 Written notice of a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

22.5 Written notice of any proposed action that requires the consent of a specified percentage of mortgagees.

22.6 Except as provided by the Act in the case of damage to or destruction of all or any part of the Property, the Association shall not, unless the Mortgagees of a least two-thirds (2/3) of the units (including therein any units which are not mortgaged) have given their prior written consent:

a. Change the undivided percentage interest in the common elements of the condominium appurtenant to any unit, or the manner of making assessments for common expenses based upon such percentage;

b. Partition, relocate, or subdivide any unit or common elements of the condominium; or

c. By act or omission seek to abandon or terminate the condominium or encumber or convey any part of the common elements of the condominium.

22.7 To be entitled to receive notification as provided for herein, the Mortgagee must send a written request to the Resident Agent of Association, stating its name, address and the unit number or address on which it has a mortgage, insurance policy or guaranty.

23 Number and Gender

Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

24 Captions

The captions and section headings herein are inserted only as matters of convenience and for reference, and in no way define nor limit the scope or intent of the various provisions hereof.

25 Severability

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of the remaining portion of said provision or of any other provision hereof.

IN WITNESS WHEREOF, the said **P.W. Lighthouse, LLC**, a Wisconsin Limited Liability Company, Declarant, has caused this document to be executed as of the date first set forth above.

P. W. Lighthouse, LLC
A Wisconsin Limited Liability Company
By: Michael H. Dilworth, as Member

State of Wisconsin)
) SS.
Milwaukee County)

On this 13th day of May, 2002, personally appeared before me the above named Michael H. Dilworth, known to me to the person whose name is subscribed to the foregoing Condominium Declaration, and he acknowledged that he executed the same for the purposes therein contained.