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VOL. 639 PAGE 8384

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

THIS DECLARATION (the "Declaration") is made this 18 day of March, 1996, by the POLLARD FAMILY PARTNERSHIP an Illinois Limited Partnership ("Declarant") and Fairwyn Ltd., a Wisconsin Corporation ("Developer").

PREAMBLES:

A. Declarant owns fee simple title to a certain parcel of real estate in the County of Walworth, State of Wisconsin, legally described in Exhibit "A" attached hereto and made a part hereof (the "Property");

B. Declarant and Developer (hereinafter defined in Article I) desire to develop a single family residential development on the Property to be known as Lakewood Trails Subdivision (the "Development"); and

C. Declarant and Developer are desirous of submitting the Property to the provisions of this Declaration.

Declarant and Developer hereby declare that the Property is, and shall be held, transferred, sold, conveyed and occupied, subject to the covenants, conditions, restrictions and easements hereinafter set forth.

ARTICLE I

Definitions

When used in this Declaration, the following words and terms shall have the following meanings:

1.1 "Association" shall mean and refer to Lakewood Trails Homeowner's Association, a Wisconsin non-for-profit corporation, its successors and assigns.

1.2 "Board" shall mean and refer to the Board of Directors of the Association.

1.3 "By-Laws" shall mean those by-laws duly enacted by the Association which govern the Association in the form attached hereto as

I hereby certify that I have on this 22nd day of March 1996 microphotographed the above document in accordance with standards established by Sec. 228.03 (1) of Statutes and with established procedures,
Bille Hansen, Camera Operator

Exhibit B.

1.4 "Common Area" shall mean all real property owned, to be owned and/or maintained by the Association for the common use and enjoyment of the Owners. The Common Area shall initially include Outlot 1 in Block 1, Outlot 1 in Block 3, Outlots 1 and 2 in Block 4 and Outlot 1 in Block 8 as shown on the Subdivision Plat which shall be conveyed to the Association no later than the Turnover Date, the landscape buffer areas on the north and west perimeters of the Property and the public walkways within the General Easement all as described on the Subdivision Plat.

1.5 "Contingency and Replacement Reserve" shall have the meaning set forth in Section 6.4.

1.6 "Declarant" shall mean and refer to the POLLARD FAMILY PARTNERSHIP. Any such successor or assignee shall be deemed a Declarant and entitled to exercise all or any rights of Declarant provided herein if designated as such by Declarant in any instrument recorded for such purposes as provided in Section 8.1 1.

1.7 "Developer" shall mean and refer to FAIRWYN LTD., a Wisconsin corporation.

1.8 "Dwelling" shall mean any building located on a Lot and intended for the shelter and housing of a Single Family. Dwelling shall include any Improvement attached or adjacent to the Dwelling utilized for storage of personal property, tools and equipment.

1.9 "Estimated Cash Requirement" shall have the meaning set forth in Section 6.3.

1.10 "Improvement" or "Improvements" shall mean and include Dwellings, any and all buildings, outbuildings, driveways, pedestrian walkways, fences, decks, patios, hedges, lawns, sidewalks, planted trees, shrubs and all other structures or landscaping improvements of every kind and description.

1.11 "Lot" shall mean each part of the Property, the size and dimension of which shall be established pursuant to the Subdivision Plat and which may be used only for the purposes set forth in Section 3.1 of this Declaration.

1.12 "Lot Deed" shall mean the deed of Declarant conveying a Lot to an Owner.

1.13 "Member" shall mean and refer to every Person who holds membership in the Association and "Members" shall mean and refer to all Persons who hold membership in the Association.

1.14 "Mortgage" shall mean either a mortgage or deed of trust creating a lien against a portion of the Property given to secure an obligation of the Owner of such portion of the Property.

1.15 "Municipality" shall mean the Village of Williams Bay, State of Wisconsin.

1.16 "Outlot" shall mean each part of the Property, the size and dimension of which shall be established pursuant to the subdivision Plat and which may be used only for the purposes set forth in Section 3.2 of this Declaration.

1.17 The term "Owner" shall include the Developer to the extent Declarant owns Lots and a"Owner" shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include the Declarant and the Developer and the interest of Declarant or Developer as contract seller of any Lot.

1.18 "Person" or "Persons" shall mean all natural individuals, corporations, partnerships, trustees or other legal entities capable of holding title to real property.

1.19 "Plans and Specifications" shall have the meaning set forth in Section 4.2.

1.20 "Property" shall mean and refer to the real estate legally described in Exhibit "A" attached hereto and made a part hereof.

1.21 "Single Family" shall mean one or more persons, each related to

the other by blood, marriage or adoption, or a group of not more than three persons not all so related, maintaining a common household in a Dwelling.

1.22 "Special Amendment" shall have the meaning set forth in Section 8. 6.

1.23 "Subdivision Plat" shall mean the plat of subdivision for Lakewood Trails Subdivision as recorded in the Office of the Register of Deeds of Walworth County, State of Wisconsin.

1.24 "Turnover Date" shall have the meaning set forth in Section 5.3.

ARTICLE II

Declaration Purposes and Property Subjected to Declaration

2.1 The Declarant and Developer desire to create on the Property a single-family development for future owners of Lots for the following general purposes:

(a) The Declarant and Developer desire to provide upon the Property, through its planning and layout, the harmonious development of a single-family community by the imposition of the covenants, conditions, restrictions and easements as hereinafter set forth, for the benefit of the Property and the Owners.

(b) By the imposition of covenants, conditions and restrictions set forth herein and the reservation of certain powers as herein contained, Declarant and Developer intend to provide a plan for development of the Property which is intended to enhance and protect the values of Lakewood Trails Subdivision as a single-family residential community.

(c) The Declarant and Developer desire to (I) prevent improper use of Lots which may depreciate the value of the Owner's property; (ii) prevent the construction of buildings containing improper or unsuitable materials; (iii) ensure

adequate and reasonable development of the Property; (iv) encourage the construction of attractive improvements on the Property; (v) prevent haphazard and inharmonious development; and (vi) in general, provided for the highest quality environment for the Development.

(d) The Declarant and Developer desire to provide for the maintenance of the Common Area which shall be owned by the Association and used in common by the Owners of the Property.

2.2 To further the general purposes herein expressed, the Declarant, and Developer, for themselves and their respective successors and assigns, hereby declare that the Property at all times is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions and easements set forth in this Declaration.

ARTICLE III

General Restrictions

3.1 All Lots shall be used only for Single-Family Dwellings, provided, however, that any Dwelling may be used (I) by the Developer or residential builders or contractors who have become an Owner, as a model home and office until all of the Lots owned by Developer, the builder or contractor in the Development have been improved with a Dwelling and sold to an Owner intending to reside in such Dwelling; or (ii) by an Owner for a home occupation use if such use is in full compliance with all ordinances of the Municipality and this Declaration and is only accessory to the Dwelling's principal use as a residence. Each Owner shall (I) maintain his Lot and all Improvements located thereon in a clean, slightly and safe condition, (ii) cause the prompt removal of all papers, debris and refuse therefrom and the removal of snow and ice from all sidewalks, driveways and similar areas serving the Lot and (iii) comply with all applicable governmental codes, laws, ordinances, orders, decrees, rules and regulations. No Lot may be further subdivided except in accordance with the subdivision regulations of Municipality and then only to facilitate Lot line adjustments between adjacent Lot Owners.

3.2 All Outlots shall be used only for open space, drainage, underground utility placement, storm water management and general

recreational purposes and shall not be improved with any dwelling or used for the storage of vehicles, equipment or materials of any type.

3.3 All Improvements shall be constructed in accordance with the Plans and Specifications approved in accordance with the terms and conditions in Article IV and in accordance with all applicable governmental building and zoning codes, laws, ordinances, orders, decrees, rules and regulations. If, and to the extent any conflict exists between the terms and conditions of this Declaration and the provisions of any such codes, laws, ordinances, orders, decrees, rules and regulations, then such conflict shall be resolved by the application of the more stringent provision providing the higher or better quality result. All Improvements shall be completed within one (1) year after commencement of construction. No dwelling shall be occupied until completed and an occupancy permit has been issued by the Village.

3.4 No noxious or offensive activity shall be carried on, in or upon the Property, nor shall anything be done thereon which may constitute or become an annoyance or nuisance to the Owners. No plants or seeds or other conditions, harboring or breeding infectious plant diseases or noxious insects, shall be introduced or suffered to exist upon any part of a Lot.

3.5 Except as expressly provided herein, no temporary building, trailer, mobile home, recreational vehicle, tent, shack or other similar Improvement shall be located upon the Lots.

3.6 No Person shall accumulate on his Lot any derelict vehicles, litter, refuse or other unsightly materials. No construction equipment or materials shall be stored or located outside of a dwelling or garage unless such equipment or materials are being used in the construction or remodeling of that dwelling. Garbage shall be placed in receptacles and all garbage receptacles shall be properly screened. All unimproved Lots shall not be planted with anything other than grass or other vegetation as permitted by the rules and regulations adopted by the Association.

3.7 No mobile home, trailer home, commercial or business truck or van, bus, nonlicensed automobile, recreational vehicle, boat, motorcycle, camper, tractor or other equipment or vehicles of any type shall be stored outside the dwelling or garage. Notwithstanding the foregoing, a commercial or business truck or van may be parked outside the dwelling or garage:

(i) when being temporarily used in connection with a service or delivery rendered for the benefit of the Lot, the Dwelling or it's occupants; or

(ii) for the purpose of loading, unloading or maintaining the vehicles provided such parking or storage does not exceed seventy two (72) consecutive hours in duration.

3.8 No animals (other than inoffensive common domestic household pets such as dogs, cats and birds) shall be kept on any Lot or within the confines of any Improvement thereon. The breeding or keeping of dogs, cats or birds for sale or profit is expressly prohibited. All household pets shall be properly restrained, housed and confined so as not to constitute a nuisance to other Owners or other residents of the Development.

3.9 The operation of "ham" or other amateur radio stations or the erection of any communication antennae or similar devices shall not be allowed unless completely screened from view from all streets and approved in writing in advance by the Developer prior to the Turnover Date and by the Architectural Committee of the Board thereafter. No communications disc shall be permitted on any Lot. No free standing satellite discs or dishes shall be permitted on any Lot. Satellite discs not more than twenty (20) inches in diameter attached to a dwelling may be permitted only if completely screened from the view of all streets and approved in writing in advance by the Developer prior to the Turnover Date and by the Architectural Committee of the Board thereafter.

3.10 Each Owner shall keep all areas of the Lots designed or intended for the proper drainage or detention of water, including swale lines and ditches, unobstructed and mowed regularly. No trees, plantings, shrubbery, fencing, patios, structures, landscaping treatment or other obstructions shall be planted, placed or allowed to remain in any such areas, and no Owner shall alter the rate or direction of flow of water from any Lot by impounding water, changing grades, blocking or redirecting swales, ditches or drainage areas or otherwise. Each Owner acknowledges, by acceptance of a deed to a Lot, that any and all such drainage or detention areas are for the benefit of the entire Property.

3.11 Until all streets in the Development have been accepted and dedicated to the Village, an Owner shall be obligated to repair at his expense

any damage to such streets or other Improvement installed by Developer which is caused by the Owner, his contractors and subcontractors. If such damage is not repaired after notice from Developer, Developer or the Association may make such repairs and the Owner responsible therefor shall be responsible for the reimbursement of the cost of such repairs.

3.12 No fences shall be permitted excepting fences on the exterior boundaries of the Development utilized to screen uses on properties not within the Development and fencing for dog runs and swimming pools. Fencing for dog runs and swimming pools shall be located in rear yards not less than fifteen feet (15') from any lot line and shall not exceed the height limitations imposed by Village ordinance. No dog run or dog house shall be situated less than fifty feet (50') from any neighboring residence.

3.13 No hedges shall be maintained on any Lot in the Development which unreasonably restrict the views of other Owners. No hedge shall at any time exceed four feet (4') in height and shall be maintained at or less than such height by the Owner of the Lot upon which the hedge is situated. The restrictions of this Section 3.13 shall not apply to any tree within the Development or to hedges or other landscaped screening of the public walkway within the General Easement depicted on the subdivision plat.

3.14 No advertising signs shall be permitted on any Lot or building or other structure within the Development except those signs erected by the Developer and "For Sale" signs approved by the Developer or the Architectural Committee of the Association.

3.15 Foundations, patios, decks, trailer platforms, accessory buildings or outbuildings (if permitted) swimming pools, satellite dishes, antennas or other structures (if permitted) shall be not less than (i) thirty feet (30') from the front lot line; (ii) thirty feet (30') from the rear lot line; and (iii) fifteen feet (15') from the side lot lines of any Lot.

ARTICLE IV

Architectural Controls

4.1 Except for Improvements constructed by Developer, no Improvement, whether original or replacement, temporary or permanent, shall

be constructed, placed or permitted on any Lot without the prior written approval of Developer obtained in the manner hereinafter set forth. Approvals under this Article IV shall not be arbitrarily or capriciously withheld.

4.2 In order to secure Developer's approval of any proposed Improvement or Improvements, the Owner shall submit to Developer three (3) complete sets of the following:

(a) The Lot site plan, as prepared by the Owner's architect, showing, among other things, the location and dimension of all intended Improvements including without limitation, all landscaping Improvements;

(b) Drawings, plans and specifications, as prepared by the Owner's architect, of all exterior surfaces, showing elevations and grade, and including without limitation the color, quality and type of exterior construction materials; and

(c) All such other information Developer may reasonably require to determine the location, scale, design, character, style and exterior appearance of Owner's untended improvements.

All of the foregoing (hereinafter collectively referred to as the "Plans and Specifications") shall conform to the applicable provisions of this Declaration.

4.3 Within thirty (30) days after Developer's receipt of the Plans and Specifications and Plan Review Fee, Developer shall notify Owner in writing whether such Plans and Specifications are approved or disapproved. Any such disapproval shall set forth the reason or reasons for such disapproval and shall list the changes required by the Developer, If Developer fails to so approve or disapprove the Plans and Specifications within said thirty (30) day period, then Developer's approval shall be conclusively presumed.

4.4 If Developer shall disapprove all or any portion of the Plans and Specifications submitted as aforesaid, the Owner shall revise the Plans and Specifications to incorporate the changes required by the Developer and shall deliver three (3) complete sets of revised Plans and Specifications to Developer. Developer shall have five (5) business days after its receipt of said

revised Plans and Specifications to determine whether Owner has complied with Developer's request changes. If Developer fails within said five (5) business day period to advise the Owner in writing whether Developer approves or disapproves any such revised Plans and Specifications, then Developer's approval shall be conclusively presumed. If Developer shall disapprove all or any portion of said revised Plans and Specifications, Owner shall revise the Plans and Specifications in the manner set forth in this Section 4.4 until such time as Developer shall approve or be deemed to have approved said Plans and Specifications.

4.5 The Owner shall secure the approval of Developer with respect to any material change or revision in any Plans and Specifications approved in accordance with this Article IV in the manner provided in this Article for the approval of Plans and Specifications.

4.6 Neither Developer, nor any of its agents, employees, successors and assigns, shall be liable in damages to any Owner or to any other person submitting Plans and Specifications to any one or more of them for approval by reason of the withholding consent or by reason of a mistake in judgment, negligence or nonfeasance arising out of or occurring in connection with the approval or disapproval or failure to approve or disapprove any such Plans and Specifications.

4.7 The Developer shall designate a representative who shall act on behalf of the Developer in carry out the responsibilities of the Developer under this Article IV. From and after the Turnover Date, the responsibilities of the Developer under this Article IV shall be carried out by the Architectural Committee of the Association which shall have all of the rights and responsibilities of the Developer under this Article IV and which shall follow the procedures set forth herein. The Architectural Committee shall consist of three (3) members appointed by the Board. Appointments to the Architectural Committee and the filling of any vacancies thereon shall be undertaken as provided in the By-Laws of the Association.

4.8. The following standards shall be complied with in the construction or installation of Improvements within the Development:

(a) One (1) single family residential Dwelling shall be placed on any Lot.

(b) All Dwellings within the Development shall contain the following minimum living areas, exclusive of porches, decks, patios, garages or other areas which are not fully enclosed or which would not be occupied or utilized on a year round basis:

(i) one (1) story home - 1500 square feet;

(ii) two (2) story home - 1800 square feet (with a minimum of 900 square feet on the first floor);

(iii) bi-level or raised ranch home - 1500 square feet on the principal floor;

(iv) tri-level home - 1500 square feet on the first two above grade levels.

(c) All Dwellings shall have a garage which shall be constructed as an integral part of the residence and shall accommodate not less than two (2) and not more than three (3) automobiles. Detached garages shall be permitted only at the sole discretion of the Developer (or Architectural Committee as its successor) and then only if the exterior design is compatible with the exterior design of the principal Dwelling on the Lot.

(d) No Dwelling shall be identical or substantially similar in exterior appearance, design or color to another Dwelling adjacent or in close proximity to such Dwelling.

(e) Storage sheds, auxiliary buildings, children's treehouses, outside antennas, satellite dishes and other outside structures shall be permitted only at the sole discretion of the Developer (or Architectural Committee as its successor).

(f) Prefabricated Dwellings which arrive on site in no more than four (4) component parts shall not be permitted. Modular Dwellings arriving on site in sectors of twelve (12) feet or less may be permitted by the Developer (or the

Architectural Committee as its successor) at its sole discretion.

(g) All electrical distribution lines, telephone lines and television cables shall be installed underground but any equipment and facilities appurtenant to such underground systems such as, but not limited to, substations, pad-mounted transformers, switches and pedestal mounted terminal boxes may be installed and located above ground level.

(h) The Developer (or the Architectural Committee as it's successor) may develop and implement, in addition to the standards set forth above in this Article IV, other standards, criteria and guidelines relating to the location, scale, design, character, style and exterior appearance of the Improvements and the color, quality and type of exterior construction and landscaping materials.

ARTICLE V

Homeowner's Association

5.1 The Developer shall form a Wisconsin not-for-profit corporation to be known as the Lakewood Trails Homeowner's Association, Inc. which shall provide for the maintenance and operation of the Common Area and in general to maintain and promote the desired character of the Lakewood Trails Development.

5.2

(a) The Association shall have a Board of not less than five (5) directors who shall be elected by the Members of the Association at such intervals as the articles of incorporation and By-Laws of the Association shall provide, except (i) the vacancies in the Board occurring between regularly scheduled meetings of the Members may be filled by the

Board if so provided by the articles of incorporation or By-Laws and (ii) that the first Board and subsequent Boards (until the Turnover Date) shall be appointed by the Developer. Except for directors of the Board appointed by the Developer, all directors shall be Members of the Association. The Developer may, from time to time, by written notice to the Association, elect to relinquish its right to appoint the remaining directors of the Board until the Turnover Date.

(b) The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board and who shall manage and conduct the affairs of the Association under the direction of the Board. Except as expressly provided otherwise by the articles of incorporation or By-Laws, all power and authority to act on behalf of the Association, both pursuant to this Declaration and otherwise, shall be vested in the Board from time to time and its officers under the direction of the Board, and shall not be subject to the approval of the Members. The directors and officers of the Association shall not be liable to the Owners or any other for any mistake of judgment or any acts or omissions made in good faith as such directors or officers.

5.3 The Developer shall, through the Board appointed by it in accordance with Section 5.2, exercise control over all Association matters, until the first to occur of the following: (a) the date which is twenty (20) years from the date of this Declaration, (b) the date of the sale and conveyance of legal title to all of the Lots to Owners other than Declarant or Developer or an assignee of either of them as provided in Section 8.11 occurs, or (c) the date Developer elects voluntarily to turn over to the Members the authority to appoint the Board, which election shall be made by directing the Declarant to execute and record in the Office of the Register of Deeds of Walworth County, Wisconsin, an instrument setting forth its intention to turn over its authority hereunder. The date upon which the authority to appoint the Board passes to the Members is hereinafter referred to as the "Turnover Date." On or prior to the Turnover Date, the Developer shall cause Declarant to convey to the Association, and the Association shall accept, the Common Area to be owned by the Association hereunder and the Association shall maintain the Common

Area as required hereunder.

5.4

(a) Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or any of its successors in interest owns one or more Lots.

(b) From and after Turnover Date, each Member shall be entitled to one (1) vote for each Lot owned by him on each matter submitted to a vote of Members; provided, however, that where there is more than one Owner of a Lot, such co-owners of a Lot shall only be entitled to one vote. The Association, through the Board, may suspend the voting rights of any Member for any period during which an Assessment imposed against such Member pursuant to Article VI shall be delinquent as defined in Section 6.9.

5.5 The Association, through the Board, shall have the power and duty to:

(a) Own, maintain and otherwise manage the Common Area and all Improvements thereon and all other property acquired by the Association or which the Association agrees to maintain; any area designated on the Plat as a "landscape buffer" on the north and west perimeters of the Property, and the public walkways located within any general easement area.

(b) Employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent by Developer shall give the Association the right to terminate without cause or penalty not later than ninety (90) days

after the date the initial meeting of the Members of the Association is held as provided in the By-Laws;

(c) Establish and maintain a Contingency and Replacement Reserve in amounts to be determined by the Board;

(d) Maintain all storm water management drainage areas and facilities located within the Outlots on the Property in accordance with the reasonable and acceptable engineering requirements of the Village;

(e) Provide for the maintenance of landscaping within any area designated as a "landscape buffer" on the north and west perimeters of the Property within an easement area, public walkways within general easement areas, signs, monuments, fencing and retaining walls located within easement areas;

(f) At its option, mow, care for, maintain and remove rubbish from any vacant or unimproved portions of the Property and to do any other things necessary or desirable in the judgment of the Board to keep any vacant or unimproved portions of the Property neat in appearance and in good order. The foregoing rights shall not apply to any Lot or other portion of the Property owned by Declarant;

(g) Make such improvements to the Common Area and provide such other facilities and services as may be authorized from time to time by the affirmative vote of two-thirds (2/3) of a quorum of the Board acting in accordance with the Association's articles of incorporation and Bylaws; provided such action is consistent with the enhancement of Lakewood Trails as a single family residential community;

(h) To accept property of every kind by gift, bequest, devise or otherwise and to administer such property and income therefrom for the purposes of the Association;

(i) To enforce any lien for nonpayment of any assessment; and

(j) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by this Declaration, the articles of incorporation or the By-Laws.

5.6 The Board shall also have the authority and responsibility to obtain and maintain comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and workers' compensation insurance, and other liability insurance as it may deem desirable, insuring each Owner, each member, the Association, its officers, the Board, the Declarant, and their respective employees and agents from liability and insuring the officers of the Association and the Board from liability for any good faith actions taken beyond the scope of their respective authority. Such insurance coverage shall include cross liability claims of one or more insured parties against other insured parties by having a severability of interests endorsement. The premiums for such insurance shall be common expenses payable out of the proceeds of the assessments required by and collected in accordance with this Article V. The Association shall also have the authority and responsibility to obtain and maintain insurance policies covering the Common Area against loss or damage by fire and such other hazards contained in customary fire and extended coverage, vandalism and malicious mischief endorsements as the Association may deem desirable. The Association shall also have the authority to obtain such other kinds of insurance as the Association shall from time to time deem prudent.

5.7 The Board, officers of the Association and the employees and agents of any of them shall not be liable to the Owners or any other person for any mistake of judgment or for any acts or omissions of any nature whatsoever in their respective positions, except for such acts or omissions found by a court of competent jurisdiction to constitute willful misfeasance, gross negligence or fraud. The Owners shall indemnify, hold harmless, protect and defend the foregoing parties against all claims, suits, losses, damages, costs and expenses, including without limitation, reasonable attorney's fees and amounts paid in reasonable settlement or compromise incurred in connection therewith. The burden of the foregoing indemnity shall be borne by the Owners at the time such loss, damage, cost or expense is incurred in the same proportion as assessments are borne by the Owners as provided in Article VI hereof. To the extent possible, the Board's and Association's liability hereunder and the Owner's indemnification obligation shall be insured by means of appropriate

contractual endorsements to the comprehensive general liability insurance policies held from time to time by the Association.

5.8

(a) Until the Turnover Date, the Developer shall have all the rights and powers herein granted to the Association and shall be authorized and empowered to exercise all power and authority of the Board.

(b) Until the Turnover Date, Developer shall have the right, and the obligation, to maintain the Common Area and all landscaping, fences, signs and monuments located thereon and in its sole discretion, pay all expenses and costs arising in connection with the Common Area, including without limitation, the costs of improving and maintaining the Common Area (and any landscaping, fences signs and monuments located thereon) and general real estate taxes payable in connection with the Common Area. If the Developer fails to maintain the Common Area until the Turnover Date, Municipality shall have the rights and remedies described on the Subdivider's Agreement between Developer, Declarant and the Municipality dated October 6, 1995 and as provided in Section 8.13 of this Declaration. To the extent that any real property taxes payable after the Turnover Date are attributable to the period prior to the Turnover Date, Developer shall reimburse the Association, on a pro rata basis, for such real property taxes. Declarant shall convey the Common Area to the Association on or before the Turnover Date.

(c) Developer shall be entitled at all times to conduct sales of Lots from the Property and shall have the right, for itself and its agents, employees, guests and invitees, to utilize roads, streets, Common Area and all other portions of the Property, excluding sold Lots, for such purposes until Lots are sold. Developer may at all times utilize signage, lighting and establish sales offices and model homes as

required to conduct its sales and marketing of the Property.

ARTICLE VI

Assessments

6.1 Each Owner, by taking title to a Lot, shall be deemed to have covenanted and agreed to pay to the Association annual assessments or charges and special assessments for capital improvements and unforeseen expenses, to be collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a lien on the Lot against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees shall be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation of an Owner shall not pass to his successor in title unless expressly assumed by them. If the title to a Lot is held by more than one Owner, all Owners shall be jointly and severally liable for assessments. If title to a Lot is held by a land trustee, the trustee shall not have personal liability but all beneficiaries thereof shall be jointly and severally liable. Platted Lots for which a building permit will not issue because public improvements for such Lots have not been completed and accepted by the Municipality shall not be subject to annual or special assessments.

6.2 The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of the residents of the Property and in particular for the improvements and maintenance of the Property, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Area. Such uses shall include, without limitation, the cost of all general real estate taxes, insurance, repair, replacement and maintenance and other charges required or permitted by this Declaration and the cost of those items that the Board shall determine to be necessary or desirable to meet the purposes of the Association, including without limitation the establishment and maintenance of a Contingency and Replacement Reserve. The annual assessments provided for herein shall commence for each Lot on the first day of the month following delivery of a Lot Deed to an Owner.

6.3 Each year on or before November 1, the Board will estimate the

total amount of maintenance expenses necessary to pay the cost of wages, materials, taxes, insurance, services, supplies and other necessary or desirable items which will be required during the ensuing calendar year (January 1 to December 31) for services authorized by the Board, together with a reasonable amount necessary to fund the Contingency and Replacement Reserve, and shall, on or before November 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). Such Estimated Cash Requirement shall be prepared on a line-item basis. The Estimated Cash Requirement shall be assessed equally among all of the Owners, excluding the Declarant or Developer. On or before January 1 of the ensuing calendar year, each Owner shall be obligated to pay to the Board, or as it may direct, the annual assessment made pursuant to this Section 6.3. The Board may require payment of the annual assessment in a single payment or in installments. On or before the date of the annual meeting of each calendar year, the Board shall furnish to all Owners an itemized accounting of the maintenance expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected from the Owners pursuant to assessments made during such year and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall upon demand at any time furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment or nonpayment of any assessment thereon.

6.4

(a) The Board shall build up and maintain a reserve for the replacement of capital improvements, other authorized capital expenditures and for unforeseen expenditures (the "Contingency and Replacement Reserve"). Capital improvements and expenditures which may become necessary during the year shall be charged first against the Contingency and Replacement Reserve. Any expenditures from the Contingency and Replacement Reserve shall require the prior approval of two-thirds (2/3) of the votes of a quorum of the Board.

(b) If the Contingency and Replacement Reserve proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may, at any time , upon

approval of 2/3 of a quorum of the Board, levy a special assessment, which shall be assessed equally among the Owners, excluding Declarant or Developer. The Board shall serve notice of any such special assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall become effective and fully payable thirty (30) days after the deliver or mailing of any such notice of assessment.

(c) Developer shall collect, from each initial purchaser of a Lot at the closing of the sale of any such Lot, an amount deemed necessary and appropriate in the sole discretion of Developer for such purpose which amount shall be deposited in the Contingency and Replacement Reserve. On the Turnover Date, the Developer shall transfer all funds in the Contingency and Replacement Reserve account to the Association and the Association shall hold and apply such funds for the purposes set forth in this Section 6.4. The Declarant and Developer shall have no right to utilize any portion of such funds prior to the Turnover Date.

6.5 When the first Board elected by the Members hereunder takes office, it shall determine the Estimated Cash Requirement for the period commencing on the first day of the month following the Turnover Date and ending on March 31 of the fiscal year in which the Turnover Date occurs. The initial Estimated Cash Requirement shall be assessed equally among the Owners, excluding the Declarant.

6.6 The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of such Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owners have been notified thereof.

6.7 The Board shall keep full and correct books of account in chronological order of the receipts and expenditures pertaining to the Common Area, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses so incurred. Such records and the vouchers authorizing the payments described therein shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, or any holder of a Mortgage at such reasonable time or times during normal business hours when requested by an Owner or by the holder of a Mortgage. Upon seven (7) days' prior written notice to the Board, any Owner shall be furnished a statement of his account, which statement shall set forth the amount of any unpaid assessments or other charges due and owing from such Owner.

6.8 All funds collected hereunder shall be held and expended for the purposes designated herein, and are hereby held in trust for the benefit, use and account of all Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select. Funds not allocated to the Contingency and Replacement Reserve shall be allocated to the Association's maintenance fund for payment of non-capital expenses.

6.9 Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment shall bear interest from and after the due date at the lesser of the rate of fifteen percent (15%) per annum, or the highest interest rate permitted by law and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot, and interest, costs and reasonable attorneys' fees incurred in any such action shall be added to the amount of any such overdue assessment. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interests, costs and fees as above provided, shall be and become a lien or charge against the Lot of any such Owner when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgage liens against real estate. The directors of the Board and their successors in office, acting on behalf of the other Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey any interest so acquired. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from reacquiring his interest at such foreclosure sale. Venue

for any action brought in the name of the Board or Association shall be Walworth County, Wisconsin.

6.10 The lien of assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter placed on the Lots. In the event of the issuance of a deed pursuant to the foreclosure of such prior Mortgage or in lieu of such foreclosure, the grantee of such deed shall take title free and clear of any for assessment authorized by this Declaration so long as any such lien shall have arisen prior to the date of recording of any such deed. The grantee of any such deed or his successors in interest shall be obligated for any future liability for assessments and the Lot may thereafter be subject to liens for unpaid assessments. The lien of assessments shall have priority over the homestead rights of any Owner.

ARTICLE VII

Easements

7.1 Declarant hereby declares the following non-exclusive easements are hereby created with respect to the Common Area:

(a) Each Owner and their respective guests, invitees and employees and the public shall have a non-exclusive easement for use and enjoyment in and to the Common Area subject to the following: (i) the right of the Association to pass reasonable rules and regulations relating to such use and enjoyment subject to the approval of the Municipality, (ii) the right of the Association to suspend an Owner's right to use or enjoy such easement for any period during which such Owner may be in violation of this Declaration, (iii) the right of the Association to levy assessments as herein provided, and (iv) any and all rights reserved to Declarant, Developer and the Association as herein provided.

(b) A non-exclusive easement for the installation and maintenance of storm water management facilities, public utilities, and public walkways is granted to the Owners, the Association and the Municipality and the public and

reserved by the Declarant over, under, across and through the Common Area as described on the Subdivision Plat. If any such storm water management or public utility facilities or public walkways are not installed or if any easements for such purposes are not created with respect to a Lot or any portion thereof prior to delivery of a Lot Deed to an Owner, said Owner hereby grants to the Declarant and the Association a power of attorney to execute and record any such easements with respect to any Lots owned by said Owner for the benefit of the Property. The foregoing power of attorney is hereby coupled with an interest and is therefore irrevocable.

7.2 The Declarant, Developer, Association, the Municipality and any of their respective agents, employees and independent contractors shall have the right to enter upon the Common Area and any Lot to the extent necessary for the purpose of maintaining, repairing and replacing the Common Area and any improvements in, on, under or upon the Common Area as herein provided or for performing any of their respective obligations herein provided. In any such case, the Declarant, Developer, Association, the Municipality or any of their agents, employees or independent contractors shall not be guilty of any trespass.

7.3 The Declarant, Developer and the Association hereby reserve the right to grant easements for ingress, egress, installation, construction, reconstruction, maintenance, repair, operation and inspection of public utility services over, under, across and through the Common Area as they deem necessary or desirable in order to effectuate the intent of this Declaration.

ARTICLE VIII

General Provisions

8.1 The covenants, restrictions and conditions of this Declaration shall run with the land, and shall inure to the benefit of and be enforceable by the Board, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded in the Office of the Register of

Deeds of Walworth County, Wisconsin, after which time said covenants shall be automatically extended for successive periods of ten (10) years, subject to amendment as hereinbelow provided.

8.2 If at any time or times the Board shall deem it necessary or advisable to rerecord this Declaration or any part hereof in the Office of the Register of Deeds of Walworth County, Wisconsin, in order to avoid the expiration hereof or of any of the covenants or other provisions herein contained under any law, it shall submit the matter to a meeting of the Members of the Association called upon not less than ten (10) days' notice, and unless at such meeting at least two-thirds (2/3) of the Members shall vote against such rerecording, the Board shall have, and is hereby granted, power to so rerecord this Declaration or such part thereof, and such rerecording shall be binding upon all Owners of any part of the Property in every way and with all the full force and effect as though such action were taken by each of said Owners and the recorded document executed and acknowledged by each of them.

8.3 Each grantee of Declarant by taking title to a Lot, and each purchaser under any contract for a deed of conveyance pursuant to which said grantee will take title, accepts said title subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such person in like manner as though the provisions of the is Declaration were recited and stipulated at length in each and every deed of conveyance, or in any mortgage or trust deed or other evidence of obligation, and the right described in this Section 8.4 or described in any other part of this Declaration shall be sufficient to create and reserve such rights to the respective grantees, mortgages and trustees of such Lot as fully and completely as though such rights were recited fully and set forth in their entirety in any such documents.

8.4 Declarant, Developer, the Association, each Owner and the Municipality from time to time shall have the right jointly and separately to sue for and obtain prohibitive or mandatory injunction to prevent the breach of, or to enforce the observance of, the covenants and obligations above set forth, or any of them in addition to the right to bring a legal action for

damages. In no event shall the failure of Developer, Declarant, the Association, an Owner or the Municipality to enforce any of the covenants or obligations herein provided due to a particular violation be deemed to be a waiver of the right to do so respecting any such violation or any subsequent violation.

8.5 Subject to the provisions of Section 8.6, after the Turnover Date, the Owners may revoke, modify, amend or supplement in whole or in part any or all of the covenants, restrictions and conditions contained in this Declaration and may release all or any part of the Property from all or any part of this Declaration, provided, however, that any material modification or revocation of (i) the Association's obligation to maintain the Common Area pursuant to Article V or (ii) the easements created pursuant to Article VII shall require the written approval of the Municipality. Any such revocation, modification, amendment or supplement may be made effective at any time if the Owners of at least two-thirds (2/3) of the Lots and the Developer consent thereto, the consent of the Developer being required so long as the Declarant owns any Lots provided, however, that any revocation, modification, amendment or supplement relating to the maintenance, repair or replacement of landscaping within any easement upon a Lot or Lots shall require the consent of three-fourths (3/4) of the Owners of the Lots which are subject to such easement. Any such revocation, modification, amendment or supplement shall be effective only if expressed in a written instrument or instruments executed and acknowledged by each of the consenting Owners, certified by the Secretary of the Association and recorded in the Office of the Register of Deeds of Walworth County, Wisconsin.

8.6 Declarant hereby reserves, to itself and the Developer as it's designee, the right and power to record a special amendment (hereinafter the "Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veterans' Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages encumbering any Lot, (iii) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any

supplement or amendment thereto, or (iv) until the Turnover Date, to modify, supplement or delete any provision of this Declaration for any purpose the Declarant or Developer deems necessary or appropriate from time to time, provided such amendment shall not materially impair the rights of the Owners to use their Lots for the purposes permitted herein or increase the financial obligation of any Owner disproportionately with the financial obligation of any other Owner under Article VI of this Declaration. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant and/or Developer to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-if-fact, as the case may be. Said power shall be irrevocable. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of the Declarant to vote in favor of, make, execute and record Special Amendments. Subject to the provisions of Section 8.11 hereof, the right of the Declarant to act pursuant to rights reserved or granted under this Section shall terminate on the Turnover Date.

8.7 The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for development for the Property.

8.8 In the event title to any Lot is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be jointly and severally responsible for payment of all obligations, liens or indebtedness and undertakings chargeable or created under this Declaration against any such Lot. No claim shall be made against any such title holding trustee personally for payment of any lien or, obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply, in whole or in part, against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon said Lot and the beneficiaries of such trust, notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to any such Lot. Upon demand by the Association the trustee shall provide a certified copy of the trust agreement and the names and addresses of the beneficiaries thereof.

8.9 All headings set forth herein are intended for convenience only

and shall not be given or constructed to have any substantive effect on the provisions of this Declaration. The singular shall include the plural wherever the Declaration so requires, and the masculine the feminine and neuter and vice versa.

8.10 If a court of competent jurisdiction shall hold invalid or unenforceable any part of this Declaration, such holding shall not impair, invalidate or otherwise affect the remainder of this Declaration which shall remain in full force and effect.

8.11 Notwithstanding anything herein to the contrary, either or both of Declarant and Developer, as Declarant and Developer in their sole discretion may determine, hereby reserve the right to transfer, assign, mortgage or pledge any and all of either's respective privileges, rights, title and interests hereunder, or in the Property, by means of recording an assignment of such with the Office of the Register of Deeds of Walworth County, Wisconsin. Upon such assignment, either or both of Declarant and Developer, as the case may be, shall be relieved from any liability arising from he performance or non-performance of such rights and obligations accruing from and after the recording of such assignment. No such successor assignee of the rights of either or both of Declarant and Developer, as the case may be, shall have or incur any liability for the obligations or acts of any predecessor in interest.

8.12 Developer may, at its sole discretion, from time to time, elect to bring within the scheme of this Declaration any property which may now or hereafter become contiguous to the Property (hereinafter referred to as the "Additional Property"). Developer is not obligated in any manner by this Declaration to annex the Additional Property or to annex any particular tract, or to annex tracts in any particular sequence, or to annex contiguous tracts, it being the intention hereof that Developer may decline to exercise the rights granted in this Section 8.12 or may elect to exercise such rights only to a limited extent. The additions authorized by the following and succeeding provisions of this Section 8.12 shall be made by recording in the Office of the Register of Deeds for Walworth County, Wisconsin, a Supplementary Declaration with respect to the Additional Property, or portion thereof, which shall extend the scheme of this Declaration to the Additional Property. Such Supplementary Declaration may contain such complementary additions and modifications of the covenants, restrictions and conditions contained in this Declaration as are not inconsistent with the scheme of this Declaration. At such time as the Declarant causes the recording of such Supplementary

Declaration or Declarations, then in such event: (a) the provisions of this Declaration applicable to the Common Area located on such Annexed Property, and the rights of Declarant and Developer with respect thereto, and all other rights, easements, covenants, restrictions, burdens, uses and privileges appurtenant to the Common Area shall include and apply to the Common Area as extended by such annexation; (b) every person or entity who shall become an Owner of any Dwelling located in such Annexed Property shall be and become a Member of the Association on the same terms and conditions and subject to the same qualifications and limitations, as those Members who are then Owners of Dwellings located on the Property; (c) Developer and Declarant shall have and enjoy in such Annexed Property all easements and exercise all rights, privileges and immunities reserved to them or either of them in this Declaration in the same manner and with the same force and effect as though the term Property as used in this Declaration included such Annexed Property; and (d) in all other respects, all the provisions of this Declaration shall include and apply to such Annexed Property in the same manner and with the same force and effect as though such Annexed Property had been subject to the provisions of this Declaration.

8.13 If the Developer or Association fails or refuses to maintain the Common Area in accordance with the terms and conditions of this Declaration then the Municipality shall so notify and advise the Developer or the Association (whichever is responsible therefor) in writing. If the Developer or Association fails to so maintain the Common Area within sixty (60) days of receipt of said notice, the Municipality shall be authorized to enter upon the Common Area to correct any deficiencies in the maintenance of the Common Area. The Municipality shall invoice the Developer or Association for it's costs and expenses incurred in correcting the deficiencies. If the Association shall fail to pay such invoice within thirty (30) days of it's receipt, the Municipality shall be entitled to seek any remedy available to it in law or equity and to record with the Register of Deeds of Walworth County, Wisconsin, liens against each of the Lots allocating among the liens on each Lot an equal share of the amount of its costs and expenses incurred in correcting the deficiencies. Upon the Municipality's receipt of reimbursement for its costs and expenses, allocable to any Lot, the Municipality shall promptly execute, acknowledge and deliver any releases of lien as may be required to release any claim of lien that may have been placed of record.

8.14 If the Association is dissolved, either administratively or by action of it's Board or Members, the Owners shall collectively be responsible for the

performance of the Association's obligations hereunder.

8.15 Each Owner of a Lot shall file the correct mailing address of such Owner with the Association and shall notify the Association promptly in writing of any subsequent change of address; provided, however, that if any Owner shall fail to so notify the Association, the mailing address for such Owner shall be the street address of the Lot owned by such Owner. The Association shall maintain a file of such addresses. A written or printed notice, deposited in the United States mails, postage prepaid, and addressed to any Owner at the last address filed by such Owner with Declarant shall be sufficient and proper notice to such Owner and shall be deemed delivered on the third (3rd) day after deposit in the United States mails.

IN WITNESS WHEREOF, DECLARANT, POLLARD FAMILY PARTNERSHIP has caused its name to be signed to this Declaration by its general partner and Developer, FAIRWYN, LTD. has caused it's name to be signed to this Declaration by it's President and attested to by it's Secretary as of the day and year first above written.

DECLARANT:

POLLARD FAMILY PARTNERSHIP

BY: _____ G.P.
General Partner

DEVELOPER:

FAIRWYN, LTD.
a Wisconsin Corporation

BY: _____ President
Its: President

~~ATTEST:~~

~~BY:~~ _____
~~Its Secretary~~

STATE OF WISCONSIN)
) SS
COUNTY OF WALWORTH)

I, JANICE E KING, a Notary Public in and for said County in the State aforesaid, do hereby certify that BRIAN C. POLLARD a general partner of the Pollard Family Partnership an Illinois limited partnership personally known to me to be the same person whose name is subscribed to the foregoing instrument as such general partner, appeared before me this day in person and acknowledged that (s)he signed and delivered such instrument as his/her own free and voluntary act and as the free and voluntary act of said partnership, for the uses and purposes set forth therein.

GIVEN under my hand and notarial seal this 18TH day of MARCH, 1996.

Janice E King
NOTARY PUBLIC

My Commission expires:

3-24-96

STATE OF WISCONSIN)
) SS
COUNTY OF WALWORTH)

I, JANICE E KING, a Notary Public in and for the County in the State aforesaid, DO HEREBY CERTIFY that BRIAN C. POLLARD, the President ~~and _____, Secretary~~ of Fairwyn Ltd., a Wisconsin Corporation, who are personally known to me to be the same person~~s~~ whose name~~s~~ are subscribed to the foregoing instrument as such President ~~and Secretary~~, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth; and then and there acknowledged that they, as custodian of the corporate seal of said Corporation, did affix the corporate seal of said Corporation to said instrument as their free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 18TH day of MARCH, 1996.

Janice E King
NOTARY PUBLIC

THIS DOCUMENT WAS PREPARED BY:

James M. Huck, Jr.
HUCK, BOUMA, MARTIN
CHARLTON & BRADSHAW, P.C.
1755 S. Naperville Road, Suite 200
Wheaton, IL 60187
(708) 221-1755

CONSENT OF MORTGAGEE

_____("Bank"), holder of a _____(the "Mortgage") dated as of _____, 19___, and recorded in the office of the Register of Deeds of Walworth County, Wisconsin, on _____, 19___, as Document Number _____, hereby consents to the execution and recording of the attached _____ Declaration of Covenants, Conditions and Restrictions and Easements and agrees that said Mortgage is subject thereto.

IN WITNESS WHEREOF, said _____ has caused this Consent of Mortgagee to be signed by its duly authorized officers on its behalf in _____, Wisconsin, on this _____ day of _____, 1995.

_____

BY: _____

Its: _____
President

ATTEST:

_____

JMH:TPB/5324-1(vol-2)\DEC-11.CLE
3-15-96/10:07 am

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lakewood Trails Subdivision, located in the Northwest 1/4 and the Northeast 1/4's of the Northwest 1/4 Section 1, Town 1 North, Range 16 East, Village of Williams Bay, Walworth County, Wisconsin: described as; Commencing at a concrete monument found marking the Northwest corner of said Section 1 Town 1 North, Range 16 East, Village of Williams Bay, Walworth County, Wisconsin; thence South 02deg 54min 11sec West, 335.15 feet to the point of beginning; thence South 88deg 43min 12sec East, 1299.16 feet; thence South 89deg 10min 25sec East, 1121.93 feet; thence South 02deg 13min 20sec West, 217.78 feet; thence South 89deg 12min 32sec East, 199.95 feet; thence South 02deg 14min 20sec West, 936.56 feet; thence along the North line of said Subdivision North 88deg 54min 47 sec West, 2634.41 feet to the West line of said Section 1; thence North 02deg 54min 11sec East, 1152.93 feet to the Point of beginning. Containing 68.41 acres of land more or less.

EXHIBIT B

BY-LAWS OF LAKEWOOD TRAILS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Purposes and Powers

The Association shall be responsible for the general management and supervision of the Property and the ownership of the Common Area thereof and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the State of Wisconsin which shall be consistent with the purposes specified herein and in the Declaration. Any defined terms used in these By-Laws shall have the same meaning as set forth in the Declaration, except as otherwise provided herein.

ARTICLE II

Membership

2.1 Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or any of its successors in interest owns one or more Lots.

2.2 From and after the Turnover Date, each Member shall be entitled to one (1) vote for each Lot owned by him on each matter submitted to a vote of Members; provided, however, that where there is more than one Owner of a Lot, such co-owners of a Lot shall only be entitled to one vote. One individual shall be designated as the "Voting Member" for each Lot ownership. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the record ownership of a Lot shall be in more than one individual, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Lot shall be designated by such Owner in writing to the Board and, if in the case of multiple individual Owners no designation is given, then the Board, in its discretion, may recognize an individual Owner of the Lot as the Voting Member for such Lot. Any record Owner may be present at any meeting of the Owners, but the voting rights shall be vested exclusively in the Voting Members. The Board may suspend

the voting rights of any Member for any period during which an assessment imposed against such Member shall be delinquent as defined in Section 5.7 of these By-Laws.

2.3

(a) Meetings of the Members shall be held at the principal office of the Association or at such other place in Walworth County, Wisconsin, as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes determined pursuant to Section 2.2 above shall constitute a quorum. Unless otherwise expressly provided herein, or in the Declaration, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority of the total votes present at such meeting. The affirmative vote of Voting Members representing at least two-thirds of the votes of the Voting Members shall be required for the follow actions: (a) merger or consolidation of the Association; (b) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and the assets of the Association; and (c) the purchase or sale of land on behalf of all Owners. Any Member in writing may waive notice of a meeting, or consent to any action of the Association without a meeting.

(b) The initial meeting of the Members shall be held at such time as may be designated upon not less than ten (10) days' written notice given by the Declarant or Developer, provided that such initial meeting shall be held no later than sixty (60) days after the Turnover Date. Thereafter, there shall be an annual meeting of the Members on the first Wednesday of April of each succeeding year, at 7:30 o'clock p.m. If the date for the annual meeting of Members is a legal holiday, the meeting will be held at the same hour on the first day next succeeding such date which is not a legal holiday.

(c) Special meetings of the Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Members, or for any other reasonable purpose. Said meeting shall be called by written notice, authorized by a

majority of the Board or by the Members having one-fourth (1/4) of the total votes, and delivered not less than ten (10) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

2.4 Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote, addressed to each such person at the address given by him to the Board for the purpose of service of such notice, or to the Dwelling of the Owner with respect to which such voting right appertains, if no address has been given to the Board.

2.5 At any meeting of the Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

ARTICLE III

Board of Directors

3.1 The direction and administration of the Property in accordance with the provisions of the Declaration shall be vested in the Board consisting of five (5) persons who shall be elected in the manner hereinafter provided, except that until the Turnover Date the first and each subsequent Board shall be appointed by the Developer. From and after the Turnover Date, the Members having at least two-thirds (2/3) of the total votes may from time to time increase or decrease the number and term of the office of the Board members at any annual meeting, provided that such number shall not be less than five (5), and the terms of at least two-fifths (2/5) of the persons on the Board shall expire annually. Each member of the Board, with the exception of the Board members initially appointed by the Developer shall be an Owner; provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, partner of such partnership, individual trustee or beneficiary of such trust or agent or employee of a beneficiary of such trust, or manager of such legal entity, shall be eligible to serve as a member of the Board.

3.2 All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws

shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

3.3 At the initial meeting of the Members as provided in Section 2.3(b) hereof, and at all subsequent annual meetings of the Members there shall be elected members of the Board. In all elections for members of the Board, each Member shall be entitled to the number of votes equal to the number of Board members being elected multiplied by the number of votes to which the Member is entitled to cast (but cumulative voting shall not be permitted). The candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Five (5) Board members shall be elected at the initial meeting and shall serve until the first annual meeting. The three (3) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the two (2) persons receiving the next highest number of votes at the first annual meeting shall be elected to the Board for a term of one (1) year. In the event of tie votes, the members of the Board shall determine which members shall have the two (2) year terms and which members shall have the one (1) year terms. Upon the expiration of the terms of office of the Board members so elected at the first annual meeting and thereafter, successors shall be elected for a term of two (2) years each. A Board member may be elected to succeed himself. Notwithstanding the aforesaid election procedure the Developer may appoint a Board which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held.

3.4 Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

3.5 Vacancies in the Board, other than as a result of removal pursuant to Section 3.7, including vacancies due to any increase in the number of persons on the Board, shall be filled by majority vote of the remaining members of the Board or of the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

3.6 The Board shall elect from among its members: (1) a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, (ii) a Vice-President who shall

serve as chief executive of the Board and Association in the absence of the President, (iii) a Secretary who will keep the minutes of all meetings of the Members and of the Board and who shall, in general perform all the duties incident to the office of Secretary, and (iv) a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

3.7 Any Board member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

3.8 The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting which shall be held immediately following the first annual meeting of the Members, and at the same place. All subsequent annual meetings of the Board shall be held immediately after, and at the same place as, the annual meeting of Members. Regular meetings of the Board shall be held at such time and place as shall be determined by the Board from time to time. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each member of the Board, delivered personally or by mail or telegram. Any member of the Board, may in writing waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meetings when a quorum is present. Board meetings hall be open to Members but the Board may adopt reasonable rules governing the conduct of Members attending such meetings.

3.9 All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be signed by such officer or officers, agent or agents of the Board and i. manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and countersigned by the Secretary.

ARTICLE IV

Powers of the Board

4.1 Without limiting the general powers which may be provided by law, the Declaration or these By-Laws, the Board shall have the power and duty to:

(a) Own, maintain and otherwise manage the Common Area and all Improvements thereon and all other property acquired by the Association or which the Association agrees to maintain, including any obligation to maintain storm water management facilities, any landscaping, fencing, public walkways, entranceways, signage and monuments on the Property;

(b) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent by Developer shall give the Association the right to terminate without cause or penalty not later than ninety (90) days after the date the initial meeting of the Members of the Association is held as provided in these By-Laws;

(c) Establish and maintain a Contingency and Replacement Reserve in an amount to be determined by the Board;

(d) Maintain all storm water management facilities located on the Property in accordance with the reasonable and acceptable engineering requirements of the Village;

(e) At its option, mow, care for, maintain and remove rubbish from any vacant or unimproved portions of the Property and to do any other things necessary or desirable in the judgment of the Board to keep any vacant or unimproved portions of the Property neat in appearance and in good order. The foregoing rights shall not apply to any Lot or other portion of the Property owned by Declarant;

(f) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by the Declaration, the articles of incorporation or these By-Laws.

4.2 The Board shall have the power to seek relief from or in connection with the assessment or levy of any general real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or any other lawful assessing body, which are authorized by law to be assessed and levied on the Common Area and to charge all expenses incurred in connection therewith to the maintenance fund.

4.3

(a) The Board may formulate policies and adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations.

(b) The Developer or Board may engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held. Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board.

(c) Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

4.4 The members of the Board and the officers of the Association shall not be personally liable to the Owners or others for any mistake of judgment or for any acts or omissions made in good faith by such officers or Board members.

ARTICLE V

Assessments - Maintenance Fund

5.1 Each year on or before November 1, the Board will estimate the total amount of maintenance expenses necessary to pay the cost of wages, materials, taxes, insurance, services, supplies and any other necessary or desirable items which will be required during the ensuing calendar year (January 1- December 31) for services authorized by the Board, together with a reasonable amount necessary to fund the Contingency and Replacement Reserve, and shall, on or before December 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). Such Estimated Cash Requirement shall be prepared on a line-item basis. The Estimated Cash Requirement shall be assessed equally among all of the Owners, excluding the Declarant. On or before January 1 of the ensuing fiscal year, each Owner shall be obligated to pay to the Board, or as it may direct, the annual assessment made pursuant to this Section 5.1 . On or before the date of the annual meeting of each calendar year, the Board shall furnish to all Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected from the Owners pursuant to assessments made during such year and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall, upon demand at any time, furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment or nonpayment of any assessment thereon.

5.2

(a) The Board shall build up and maintain a reserve for the replacement of capital improvements, other authorized capital expenditures and for unforeseen expenditures (the "Contingency and Replacement Reserve"). Capital improvements and expenditures which may become necessary during the year shall be charged first against the Contingency and Replacement Reserve.

(b) If the Contingency and Replacement Reserve proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may, at any time, levy a special assessment, which shall be assessed equally among the Owners, excluding the Declarant. The Board shall serve notice of any such special assessment on all such Owners by a statement in writing giving the amount and

reasons therefor, and such special assessment shall become effective and fully payable ten (10) days after the deliver or mailing of any such notice of assessment.

5.3 When the first Board elected by the Members hereunder takes office, it shall determine the Estimated Cash Requirement for the period commencing on the first day of the month following the Turnover Date and ending on December 31 of the calendar year in which the Turnover Date occurs. The initial Estimated Cash Requirement shall be assessed equally among the Owners, excluding the Declarant.

5.4 The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of such Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owners have been notified thereof.

5.5 The Board shall keep full and correct books of account in chronological order of the receipts and expenditures pertaining to the Common Area, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses so incurred. Such records and the vouchers authorizing the payments described therein shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, or any holder of a Mortgage at such reasonable time or times during normal business hours when requested by an Owner or by the holder of a Mortgage. Upon seven (7) days' prior written notice to the Board, any Owner shall be furnished a statement of his account, which statement shall set forth the amount of any unpaid assessments or other charges due and owing from such Owner.

5.6 All funds collected hereunder shall be held and expended for the purposes designated herein, and are hereby held in trust for the benefit, use and account of all Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select. Funds not allocated to the Contingency and Replacement Reserve shall be allocated to a maintenance fund for payment of non-capital expenses.

5.7 Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment shall bear interest from and after the due date at the lesser of the rate of fifteen percent (15%) per annum or the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot and interest, costs and reasonable attorneys' fees incurred in any such action shall be added to the amount of any such overdue assessment. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided, shall be and become a lien or charge against he Lot of any such Owner when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgage liens against real estate. The directors of the Board and their successors in office, acting on behalf of the other Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey any interest so acquired. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from reacquiring his interest at such foreclosure sale. Venue for any action brought in the name of the Board or the Association shall be Walworth County, Wisconsin.

ARTICLE VI

Covenants and Restrictions as to Use and Occupancy

All Owners shall maintain, occupy and use their Dwelling and the Common Area only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Members. The Board shall have full authority to enforce all such rules and regulations by taking all action as may be necessary.

ARTICLE VII

Committees

7.1 The Board, by resolution, adopted by a majority of the Board, may designate one (1) or more committees, each of which shall consist of one (1) or more members of the Board; said committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the

management of the Association; but the designation of such committees and the delegation thereof of authority shall not operate to relieve the Board, or any individual member of the Board, of any responsibility imposed upon it or him by law. The Board shall appoint an Architectural Committee as provided by the Declaration.

7.2 Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the members of the Board present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the judgment of the Board the best interests of the Association shall be served by such removal.

7.3 Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

7.4 One (1) member of each committee shall be appointed chairman.

7.5 Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointment.

7.6 Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

7.7 Each committee may adopt rules for its own governance not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE VIII

Interim Procedure

Until the initial meeting of the Members as provided in Section 2.3(b) hereof, the Declarant or Developer may appoint the Board which shall have the same powers

and authority as given to the Board generally.

ARTICLE IX

Amendments

These By-Laws may be amended or modified from time to time by action or approval of the Members entitled to cast two-thirds (2/3) of the total votes computed as provided in Section 2.3(b) and the Developer so long as Declarant owns any Lots. Such amendments shall be recorded in the Office of the Register of Deeds of Walworth County, Wisconsin.

ARTICLE X

Interpretation

In the case of any conflict between the articles of incorporation of the Association and these By-Laws, the articles of incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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LOIS M. KETTERHAGEN
REGISTER OF DEEDS
WALWORTH COUNTY, WI
B. Pollard 98.00