

D. RIGHT OF USE. Except as otherwise provided herein, the manner of use of the Limited Common Elements shall be determined solely by the Unit Owner, or Owners who have the exclusive use of such Limited Common Elements.

XII. RESTRICTIONS ON USE

The Units, Common Elements and Limited Common Elements of the Condominium, shall be used for residential purposes only, by the Unit Owners, their respective family members, guests and approved tenants, and shall not be used for any trade or business. The Units shall not be leased or rented by the Unit Owner for transient or hotel purposes, which shall be defined as rental for any initial terms of less than three months or any subsequent term of less than 30 days.

So long as the Unit Owner abides by the foregoing, he or she shall have the absolute right to lease his or her Unit.

Notwithstanding anything to the contrary contained herein, the use of the Units, Common Elements and Limited Common Elements shall comply with all applicable ordinances and any other restrictions as contained in the Association By-Laws and any rules and regulations adopted by the Association. No use may unreasonably interfere with the use and enjoyment of the Common Elements by other Unit Owners. There shall be no storage of material and there shall be no conduct of any activity which would increase the insurance rates on the condominium.

Any and all attorney fees and other expenses incurred by the Association in the enforcement of this provision shall be reimbursed by the Unit Owner in violation and may be assessed against such Owner's Unit. Use is further restricted by any rules and regulations adopted by the Association.

XIII. COMMON EXPENSES

A. DECLARANT'S ELECTION. Each Unit Owner shall be liable for the share of expenses ("Common Expenses") of the Association assessed against such Owner's Unit. Notwithstanding this, the Declarant may elect (the "election") in writing to not be assessed for Common Expenses. Such election must be made to the President or Secretary of the Association, in which case the Declarant shall be excused assessments of Common Expenses effective as of the first day of the month after receipt by the President or Secretary of such notice. In the event the Declarant does not make the election referred to above, the Declarant shall be responsible for all expenses and costs associated with the Unit including, but not limited to, maintenance, snow removal, insurance, lawn care, and pest control, which would otherwise be paid by the Association.

The Association shall have no liability for Common Expenses or such other items as may be assessed as Common Expenses with regard to units for which the Declarant has made the election. This election is available only to the Declarant as defined herein.

B. RESPONSIBILITY FOR COMMON EXPENSES. Common Expenses shall be allocated among the Units in the proportions specified in Section X above. No Unit Owner may exempt himself or herself from liability for contribution towards the Common Elements or by the abandonment of his or her Unit, except as provided in Section XIII (A).

C. PAYMENT OF COMMON EXPENSES. Except for items such as insurance premiums which must be prepaid in one lump sum, assessments shall be paid in the form of a monthly maintenance fee, paid on the first day of each month and determined by a budget of Common Expenses prepared by the Association. Special assessments for items not provided for in the budget shall be paid at such time or times, in a lump sum, or in such installments, as the Association may determine.

D. LIEN ON UNITS. The assessment of Common Expenses, together with such interest as the Association may impose in the By-Laws for delinquencies, along with costs for collection and actual attorney fees, constitute a lien on the Units against which they are assessed. Attachment, filing, effectiveness, priority and enforcement of the lien shall be as provided in Section 703.16, Wisconsin Statutes, or as amended; however, any such lien shall be inferior and subordinate to the lien for all sums payable to any first mortgagee of record.

E. SUSPENSION OF VOTING RIGHTS. If any assessment of Common Expenses is delinquent and a statement of condominium lien as described in Section 730.16(9), Wisconsin Statutes, or as amended, has been recorded against a Unit, the Association may suspend the voting rights of the delinquent Unit Owner. A delinquency resulting in the filing of a statement of Condominium lien against a Unit shall constitute an act of default under any mortgage secured by the Unit.

F. JOINT AND SEVERAL LIABILITY. Except as otherwise provided herein, unpaid Common Expenses assessed against a unit shall be a joint and several liability for the seller and purchaser in a voluntary transfer of the Unit.

G. FORECLOSURE. The Association shall have a lien, from the date an assessment is made, upon any Unit, for assessments made against that Unit, which assessments remain unpaid. The lien shall secure payment of the assessment, interest, and costs of collection, including reasonable attorneys fees. The lien may be

recorded in the Ozaukee County Register of Deeds Office by an instrument executed by the Association and may be foreclosed. The Unit Owner shall be personally liable for all unpaid assessments, interest, costs of collection and attorneys fees. This liability shall not terminate upon transfer of ownership or upon abandonment of the Unit by the Unit Owner. When any lien is foreclosed, if the Unit Owner remains in possession of the Unit, he or she shall pay a reasonable rental value for the Unit. The Association shall be entitled to the appointment of a receiver of the Unit, as a matter of strict right. Assessments shall be paid without offset or deduction. No Unit Owner may withhold payment of any assessment or any part thereof because of any dispute which may exist among a Unit Owner, the Association, the Declarant, or any of them. The Unit Owner shall pay all assessments pending resolution of any dispute.

H. SUCCESSORS LIABILITY. In the event the mortgagee of a first mortgage of record or any other purchaser of the Unit obtains title to the Unit as a result of foreclosure of a mortgage, or as a result of a conveyance in lieu of foreclosure, such purchaser or his or her successors and assigns shall not be liable for the total share of Common Expenses or assessments by the Association pertaining to such Unit or chargeable to the former Unit Owner, which Common Expenses or assessments became due prior to the acquisition of title. Such unpaid share of Common Expenses shall be deemed to be Common Expenses collectible proportionately from all of the Unit Owners except that mortgagee or any other purchaser of Unit who obtained title to the Unit as a result of foreclosure of a mortgage, or as a result of a conveyance in lieu of foreclosure.

XIV. UTILITIES

Each Unit Owner shall pay for his or her own telephone, electrical, and other utilities which are separately metered or billed to each user by the respective utility company. Utilities which are not separately metered or billed shall be treated as part of the Common Expense.

XV. REAL ESTATE TAXES

Each Unit, and the percentage ownership interest of the Common Elements allocated to it, will be separately taxed for real estate taxes. If real estate taxes for the property are not separately assessed in any year, then such taxes shall be a Common Expense.

XVI. INSURANCE

A. UNITS. Each owner shall also carry personal property contents and public liability insurance on his or her own Unit in accordance with such reasonable requirements as the Association may be By-Law or rule or regulation establish.

B. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS. The Association shall obtain and maintain insurance for the Common Elements including Limited Common Elements, covering the perils of fire, extended coverage, vandalism, and malicious mischief on a repair and replacement cost basis, for an amount not less than the full replacement value of the insured property. In addition, the Association shall maintain comprehensive general liability insurance against all claims commonly insured against in such amounts as the Association shall deem suitable; provided, however, the minimum limits for bodily injury and property damage shall be \$1,000,000.00. The policies shall include standard coverage for the errors and omissions of directors and officers of the Association. Such policies shall also contain "severability of interest" endorsements which shall preclude the insurer from denying the claim of a Unit Owner because of negligence on the part of the Association or other Unit Owners.

C. ADDITIONAL COVERAGE. Maintenance of insurance by the Association does not relieve nor prohibit Unit Owners from maintaining insurance with limits in excess of those maintained by the Association or with regard to risks not insured by it. Unit Owners are encouraged to submit copies of their Condominium Disclosure Materials to their insurance carriers in order to insure adequate property and liability coverage on their personal property and Units.

D. FIDELITY COVERAGE. The Association shall maintain fidelity coverage against dishonest acts by any person responsible for handling the funds belonging to or administered by the Association. The Association shall be the named insured, and the insurance shall be in an amount of not less than one hundred fifty (150%) per cent of the Association's annual operating expenses and reserves.

E. PAYMENT OF PREMIUMS. Any and all premiums associated with the insurance purchased by the Association shall be a Common Expense to be paid by quarterly assessments levied by the Association against Unit Owners; and such payments shall be held in a separate escrow account of the Association and used solely for the payment of the premiums of the insurance to be maintained by the Association hereunder. The Association shall act as the trustee for the purpose of obtaining insurance coverage and for the receipt, application, and disbursement of proceeds.

XVII. ALTERATION AND DECORATION OF UNITS

A. IMPROVEMENTS AND ALTERNATIONS. A Unit Owner may make improvements or alterations within his or her Unit; provided however, that such improvements or alternations do not impair the structure soundness or integrity or lessen the support of any portion of the Condominium, do not reduce the value of the Condominium, and do not impair any easement. A Unit Owner may not change the exterior appearance of a Unit or any portion of the Common Elements, including Limited Common Elements, without obtaining the written permission of the Association's Board of Directors. Any improvement or alteration which changes the floor plan or room dimensions of a Unit must be approved in writing by the Board, and evidenced by the recording of a modification to the Condominium Plat before it shall be effective. Furthermore, any approved improvement or alteration must be accomplished in accordance with applicable laws and regulation, must not unreasonably interfere with the use and enjoyment of other Units, Common Elements or the Limited Common Elements, and must not be in violation of any underlying mortgage, land contract, or similar security interest.

B. LIABILITY FOR EXPENSES. All expenses involved in making improvements or alterations, including expenses to the Association, which it may charge as a special assessment to the affected Units, shall be borne by the Unit Owners involved.

XVIII. EASEMENTS

A. DESCRIPTION. Easements are reserved over, through and under the Common Elements for ingress and egress and for present and future utility services, including but not limited to, easements for water pipes, sanitary sewer pipes, emergency sewer limits, storm drainage pipes, electrical wires, television wires, security wires, and street lights, whether or not shown on Exhibit A attached hereto. Easements for such utility services are reserved to the Declarant and Unit Owners. Easements for ingress and egress are reserved to the Association in, over, and under the Units, Special Unit Elements and Limited Common Elements, their ceilings, floors, and walls for the purpose of making any repairs which are the obligation of the Association. The Association shall be responsible for any damage resulting from such easements and any costs related thereto shall be assessed as a Common Expense.

B. EASEMENTS APPURTENANT. All easements and rights set forth in this Declaration run with the land and are subject to the control of the Association. No Unit Owner shall commit any act which would jeopardize the soundness or safety of the Property subject to this Declaration, reduce the value thereof, or impair any easement or hereditament.

XIX. MAINTENANCE

A. RESPONSIBILITY. Each Unit Owner is responsible for the decoration, furnishing, housekeeping, repair and maintenance of that Owner's Unit and the general cleanliness and presentability of the Limited Common Elements reserved to that Unit. The Association is responsible for the decoration, furnishing, housekeeping, repair, garbage collection, and maintenance of the Common Elements, and snow removal of the common driveways. In meeting its responsibilities hereunder or otherwise, the Unit Owner may not alter the appearance or design of the Exterior of the buildings or use a Unit, the Limited Common Elements reserved to it, or the Common Elements in a manner which adversely affects the exterior appearance of the building. The Association may enter into management agreements providing for the necessary maintenance, repair and replacement of Common Elements, the making of any additions or improvements thereto, snow removal, and garbage collection.

B. ACCESS TO UNITS. The Association may enter any Unit and Limited Common Elements at reasonable times and under reasonable conditions when necessary in connection with any maintenance, construction, or repair of public utilities and for any other matter for which the Association is responsible. Prior notice to the Unit Owners shall be attempted, and the entry shall be made with as little inconvenience to the Unit Owner as possible under the circumstances. Any damage caused thereby shall be repaired by the Association and shall be treated as Common Expense.

XX. DAMAGE OR DESTRUCTION

In the event the Common Elements are totally destroyed or sustain more than Ten Thousand Dollars (\$10,000.00) in damage at any one time, the Association shall within fifteen (15) days of the date of damage determine whether the Condominium is damaged to any extent exceeding the available insurance proceeds. Once determined, the Association shall promptly notify the Unit Owners in writing of the adequacy or inadequacy of the insurance coverage. Within ten (10) days of receipt of any notice that insurance proceeds are inadequate, the Unit Owners shall have the opportunity to decide whether the Condominium should be partitioned. Partition shall only occur by the affirmative vote of Unit Owners representing at least seventy-five (75%) per cent of the voters available in the Association. In case of such partition, the net proceeds of sale, together with the net proceeds of insurance, shall be considered as one fund and shall be divided among the Unit Owners in proportion to their percentage interests in the Common Elements and shall be distributed in accordance with the priority of interest in each Unit.

In the event the required seventy-five (75%) per cent affirmative votes are not cast within the ten (10) day period, or in the event the damage sustained is less than or equal to Ten Thousand Dollars (\$10,000.00) the Association shall promptly undertake to repair or reconstruct the damaged property to a condition compatible with the remainder of the Condominium. Upon reconstruction, the Association may vary the design, plan, and specifications of the Common Elements from that of the original; provided, however, that the number of square feet of any Unit may not vary by more than five (5%) per cent from the number of square feet or such Unit as originally constructed and, provided further, that the location and floor plan of any damaged buildings shall be substantially the same as they were prior to the damage. In the event the insurance proceeds are insufficient to pay the estimated or actual costs of reconstruction, the shortage shall be considered a Common Expense, and the Association shall have the responsibility and the right to levy assessments against the Unit Owners as provided herein.

XXI. NEGLIGENCE OF OWNER

If, due to the negligence or act of omission of a Unit Owner, a member of his or her family, a household pet, or a guest or other authorized occupant or visitor of such Unit Owner, damage shall be caused to the Common Elements, to a Unit or Units owned by other Unit Owners, or maintenance, repairs, or replacements shall be required which would otherwise be at the Common Expense, then such Unit Owner shall pay for such damage, maintenance, repairs, and replacements as may be determined by the Board, subject to the rules, regulations and by-Laws of the Association.

XXII. MORTGAGES

Each Unit Owner may subject his or her Unit and the percentage ownership interest in the Common Elements allocated to it, but only his or her Unit and such percentage interest, to a mortgage or other lien.

XXIII. RESERVED RIGHTS OF DECLARANT

A. NATURE AND TERM OF RIGHTS. Except as provided in Section 703.15(2)(d), Wisconsin Statutes, or as amended, Declarant reserves the right to appoint and remove officers and directors of the Association and to exercise the powers and responsibilities of the Association, its members and its directors until the earlier of either of the following shall occur:

1. Expiration of ten (10) years from the date that this Declaration is recorded; or

2. Thirty (30) days after conveyance to the purchasers of Units entitled to cast ninety (90%) per cent of the votes available in the Association.

During this period, Declarant shall have the full and exclusive right to take all action on behalf of the Association, including, but not limited to, the right to enter into leases of Units, make contracts and agreements on behalf of the Association for the maintenance, operation, and management of the Condominium, determine, levy, and collect assessments, grant easements, and enact and enforce rules and regulations concerning the use of the Condominium.

Any contracts or agreements entered into by the Declarant on behalf of the Association with Declarant or an affiliate of Declarant shall not extend for a period exceeding one (1) year; provided however, that such contracts or agreements may be automatically renewable if a reasonable period of giving notice of termination is provided at the end of each term. Furthermore, any such contracts or agreements shall provide for termination by either party without cause, and without payment of a termination fee upon at least ninety (90) days prior written notice. Notwithstanding the foregoing, this provision shall not apply to any lease, the termination of which would terminate the Condominium.

B. RESERVATION OF SPECIFIC RIGHTS. Notwithstanding any provision to the contrary, Declarant reserves the following rights:

1. To continue any unfinished development work on any unsold Unit, and on the Limited Common Elements and Common Elements (including obtaining any necessary easements thereto);

2. To conduct promotional and sales activities using unsold Units, Limited Common Elements and Common Elements, which activities shall include, but are not limited to maintaining sales and management offices, model Units, parking areas, and advertising signs;

3. To do all other acts Declarant shall deem reasonably necessary in connection with the development and sale of the remaining Units; and

4. To grant easements over, through, or under any part of the Condominium for the benefit of the Condominium as a whole or any part thereof.

However, any such acts shall not violate the rights of the Unit Owners or their mortgagees or unreasonably interfere with the use and enjoyment of the Units, Limited Common Elements, or Common Elements.

Furthermore, Declarant shall be responsible for any damage resulting from the exercise of such rights.

C. ASSIGNMENT/DELEGATION OF RIGHTS. The Declarant may assign or delegate any or all of the Declarant's rights and duties hereunder, including the rights granted pursuant to this Section XXIII, by recording an instrument reciting such assignment or delegation with the Register of Deeds of Ozaukee County, Wisconsin.

D. ACCESS TO PROPERTY. Declarant, and persons it may select, shall have the right of ingress and egress over, upon, and across the Property and the right to store materials thereon and make such other use thereof as may be reasonably necessary incident to construction, development, and sales of the Units and operation of the Units, Common Elements or Limited Common Elements in connection with the Condominium and the overall development of which the Property is a part.

XXIV. ASSOCIATION RULES AND REGULATIONS

The Association may from time to time promulgate such reasonable rules and regulations as are deemed necessary and desirable to carry out the purposes and intent of this Declaration, to promote the harmonious usage of the Common Elements, and to cause each Unit Owner to be free from any unreasonable interference with the peaceful use of his or her Unit and its appurtenances.

XXV. AGENT FOR SERVICE OF PROCESS

Service of process on the Condominium or the Association may be made on Michael P. Heise, 101 West Wisconsin Avenue, Pewaukee, Wisconsin 53072. The Board of the Association may, however, at any time designate a different person to receive service of process. The designation of a different person to receive service of process shall become effective upon being filed with the Register of Deeds for Ozaukee County, Wisconsin.

XXVI. AMENDMENTS

A. APPROVAL REQUIRED. This Declaration may be amended by written instrument, duly acknowledged, enumerating the amendment and signed by the Unit Owners owning ninety (90%) per cent of the

ownership interest in the Common Elements. If the Act, Declaration, or By-Laws require all Unit Owners, or lien holders, to consent, then all Unit Owners, or lien holders, must sign the amendment.

Notwithstanding the foregoing, no such amendment may substantially impair the security of any unit lien holder of record. Such lien holders of record shall be given written notice of any amendment, and an affidavit of the notice, certified by the Association's Secretary, will be made a part of the signed amendment. Moreover, no amendment to this Declaration affecting the status or rights of the Declarant may be adopted without the written consent of Declarant.

B. EFFECTIVE UPON RECORDING. An amendment of this Declaration is effective upon recording of an instrument, as described in Section XXVII(A), with the Ozaukee County Register of Deeds.

C. DECLARANT'S RIGHTS. Declarant is hereby vested with the right to amend and supplement this Declaration and the Plat and floor plans as may be reasonably necessary or desirable to facilitate the practical, technical, administrative, or functional integration of the Condominium.

XXVIII. NOTICES

All notices must be in writing, addressed to the Association, Condominium or its Board, and shall be sent to the Registered Agent, as noted in Section XXV herein, or such other address as the Board may designate by written notice to all Unit Owners. All notices to a Unit Owner shall be sent to the mailing address as he or she may designate by written notice to the Association. Notices are deemed given when mailed or delivered in person. On written request to the Association, the Association will give a mortgagee of any Unit a copy of notices sent to the Unit Owner.

XXIX. MISCELLANEOUS PROVISIONS

A. IMPAIRMENT OF STRUCTURAL INTEGRITY OF BUILDING. Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Property or which would structurally change the Property except as is otherwise provided herein. No Unit Owner shall overload the electrical wiring in the Property or operate any machines, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Board, an unreasonable disturbance to others.

B. COMPLIANCE. Each Unit Owner shall comply strictly with the covenants, conditions and restrictions set forth in the Declaration, the deed to his or her Unit, the By-Laws and the rules and regulations adopted pursuant thereto, as the same are amended from time to time. Failure to comply with any of the same shall be grounds for action to recover sums due, for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the Association or, in a proper case, be an aggrieved Unit Owner. Furthermore, all Unit Owners, tenants of such owners, employees or owners and tenants, or any other person that in any manner uses the Property or any part thereof shall be subject to the Wisconsin Condominium Ownership Act, this Declaration, the Articles of Incorporation and By-Laws of the Association, and any rules and regulations adopted pursuant thereto.

C. DISPLAY OF MODEL BY DECLARANT. Until all Units are sold, Declarant may occupy or grant permission to any person or entity to occupy, with or without rental, as determined by the Declarant, one or more Units for business or promotional purposes, including clerical activities, sales offices, model Units for display and the like; provided that the activities in the Units so occupied do not unreasonably interfere with the quiet enjoyment of any other Unit Owner or occupant.

D. SEVERABILITY AND INTERPRETATION. The invalidity of any covenant, restriction, condition, limitation, or any other provision of this Declaration or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration. The intent of this Declaration is to comply with Wisconsin Statutes and the provisions hereof shall be interpreted in the light of this expressed indication of intent.

E. EXECUTION OF CERTIFICATES. All certificates stating facts in regard to the Condominium or any of its Units, including statements of condominium lien, statements regarding unpaid assessments against any Unit or the then current status of documents related to the Condominium, shall be signed on behalf of the Association by its Secretary or Assistant Secretary.

F. ENCROACHMENTS. If any portion of a Unit, Limited Common Element, or Common Element encroaches upon another, an easement for the encroachment and its maintenance shall exist. In the event all or a portion of the Condominium is damaged and subsequently reconstructed, the Unit Owners shall allow encroachments on the Units, Limited Common Elements, or on the Common Elements during construction, and easements for such encroachments and their maintenance shall exist.

G. REMEDIES. If any Unit Owner fails to comply with any provisions of the Act, this Declaration, Association Articles of Incorporation or By-Laws, or any rules and regulations promulgated by the Association, the Unit Owner may be sued for damages caused by the failure or for injunctive relief, or both, by the Association or by any other Unit Owner. In the event no damages are capable of being accurately determined, liquidated damages of One Hundred Dollars (\$100.00) may be assessed for each violation. Each day of violation shall constitute a separate violation for purposes of this Section. Any and all attorney fees and other expenses incurred by the Association in enforcing this provision shall be reimbursed by the Unit Owner in violation and may be assessed against such Owner's Unit. Individual Unit Owners shall have similar rights of action, but not reimbursement, against the Association.

H. EMINENT DOMAIN. In the event of a taking of any of the Common Elements under the power of eminent domain, the provisions of Section 703.19, Wisconsin Statutes, or as amended, shall control; and provided, further, if Limited Common Elements are taken, such Limited Common Elements shall be reconstructed by the Association if practical to do so.

I. CONFLICT IN CONDOMINIUM DOCUMENTS. In the event a conflict exists among any provisions of this Declaration, the Articles of Incorporation, or the By-Laws, or any administrative rules and regulations or between any of them, this Declaration shall be considered the controlling documents.

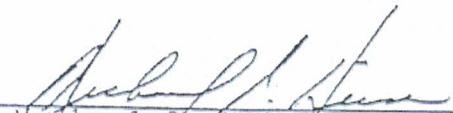
J. WARRANTIES. The Declarant has made no warranty or representation in connection with this Condominium, except as may be specifically set forth in this Declaration. No person shall rely upon any warranty or representation unless contained in this Declaration. Any estimates of Common Expenses, taxes or other charges made by the Declarant and provided to any person shall be considered estimates only, and no warranty or guarantee of such amounts shall be made or relief upon.

K. DECLARANT BOUND. So long as the Declarant, its successors and assigns, owns one or more of the Units, the Declarant and its successors and assigns shall be subject to the provisions of this Declaration.

L. CAPTIONS. The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

IN WITNESS WHEREOF, Declarant has caused this document to be signed this 20th day of JUNE, 1995.

VILLAGE ESTATES DEVELOPMENT CORP.

By: 
Michael V. Heise
President

By: 
John Kashou
Secretary

(Corporate Seal)

STATE OF WISCONSIN)
Milwaukee) ss
~~GLAUKKEE~~ COUNTY)

Personally came before me this 20th day of June, 1995, the above named Michael P. Heise and John Kashou to me known to be the persons who executed the foregoing.


Notary Public, State of Wisconsin
My Commission Dec. 6, 1998

drafted by: Michael P. Heise

return to: Village Estates Development Corp.
101 W. Wisconsin Ave.
Pewaukee, WI. 53072 \$72⁰⁰
Attn: Jane Powers