

**BY-LAWS
OF
TAYLOR HARBOR CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE ONE
Name and Purpose**

Pursuant to the Articles of Incorporation of **TAYLOR HARBOR CONDOMINIUMS ASSOCIATION, INC.** and the Condominium Declaration of **TAYLOR HARBOR CONDOMINIUMS**, a Condominiums, recorded in the Office of the Register of Deeds for Washington County, Wisconsin (hereinafter the "Declaration"), the following are adopted as the By-Laws of **TAYLOR HARBOR CONDOMINIUMS ASSOCIATION, INC.**, which is a non-profit, non-stock corporation formed and organized to serve as an Association of Unit Owners who own real estate and improvements under the condominium form of Ownership, as provided in the Condominium Ownership Act under the laws of State of Wisconsin.

These By-Laws shall be deemed covenants running with the land shall be binding on the Unit Owners, their heirs, personal representatives, successors, and assignees.

**ARTICLE TWO
Members, Voting and Meetings**

1. **MEMBERS.** Members of the Association shall be all Unit Owners. Every Unit Owner upon acquiring title to a Unit under the terms of the Declaration shall automatically become a member of the Association and shall remain a member until such time as his or her Ownership of such Unit ceases for any reason, at which time his or her membership in the Association shall automatically cease.

2. **VOTING RIGHTS.** One vote shall exist for each Unit. If title to a Unit is held by more than one person, the membership related to that Unit shall be shared by the number of Owners and in the same percentage as the Owners own title to the particular Unit. Voting rights may not be split, and shared membership interests with regard to a single Unit must be voted by one person pursuant to the designation of that person contained in the Membership List.

3. **MEMBERSHIP LIST.** The Association shall maintain a current Membership List showing the membership pertaining to each Unit, the address to which notice of meetings of the Association shall be sent, the mortgagee of the Unit, if any, and the person designated to cast the vote pertaining to such Unit. Only the person so designated shall be entitled to cast a vote in person or by proxy. A designation may be limited in time or may be changed by notice in writing to the Secretary of the Association signed by a majority of the persons having an Ownership interest in the Unit.

4. **TRANSFER OF MEMBERSHIP.** Each membership shall be appurtenant to the Unit upon which it is based and shall be transferred automatically upon conveyance of that Unit to the new Owner or Owners. Upon transfer of a Unit, the Association shall, as soon as possible thereafter, be given written notice of such transfer, including the name and address of the new Owner, identification of Unit, date of transfer, name of the person designated to vote, the mortgagee of the Unit, if any, the contact information, and any other information about the transfer which the Association may deem appropriate, and the Association shall make appropriate changes in its Membership List. Unit Owners shall promptly inform the Board of Directors of any changes to the contact information, including changes in the identification of the mortgagee or mortgagees.

ARTICLE THREE

Voting; Majority; Quorum; Proxies

1. **Voting.** Voting shall be on a percentage basis, and the percentage of the vote to which the Owner is entitled is the percentage assigned to such Owner's family Unit or Units in the master deed. A Unit Owner may not vote at meetings of the Association until a membership form is furnished to the Board. The Owner or Owners of each residential Unit, or some person designated by the Owner or Owners to act as proxy and who need not be an Owner, shall be entitled to cast the vote belonging to the Unit at all meetings, or as specified, of Unit Owners. Voting may be done in person or by proxy. No vote may be cast and no vote shall be recognized for a Unit in which assessment or fines are unpaid at the time of the vote.)

2. **Majority of Owners.** As used in these by-laws, the term "Majority of Owners" shall mean those Owners holding more than 50 percent of the votes in accordance with the percentages assigned in the master deed.

3. **Quorum.** Except as otherwise provided in these by-laws, the presence in person or by proxy of a "Majority of Owners" as defined in the preceding paragraph of this Article shall constitute a quorum.

4. **Action by Unanimous Consent.** Any action required to be taken or which may be taken at a meeting of Unit Owners may be taken without a meeting if consent in writing setting forth the action taken shall be signed by 75% of the Unit Owners entitled to vote. The signature required in each instance shall be that person who is then entitled to cast the vote for a Unit. All such consent resolutions shall have the same force and effect as a unanimous vote.

5. **Proxies.** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary or a duly authorized representative before the appointed time of each meeting.

ARTICLE FOUR **Administration**

1. **Association Responsibilities.** The Owners of the Units will constitute the **TAYLOR HARBOR CONDOMINIUMS ASSOCIATION**, referred to as "Association", which will have the responsibility of administering and approving the annual budget, establishing and collecting monthly assessments, and arranging for the management of the affairs of the Association pursuant to an agreement containing provision relating to the duties, obligations, removal, and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the "Association" shall require approval by a majority of Owners.

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

3. **Annual Meetings.** The first annual meeting of the Association shall be held on the second Tuesday of January 1998. Thereafter, annual meetings shall be held on a date and at a time determined by the Board of Directors at least forty-five days before the scheduled annual meeting. At such meetings, there shall be elected by ballot, a Board of Directors in accordance with the requirements of Section Five of Article V of these by-laws. The Owners may also transact such other business of Association as may properly come before them.

4. **Special Meetings.** It shall be the duty of the President of the Board of Directors to call a special meeting of the Owners as directed by resolution of the Board of Directors or on a petition signed by a majority of the Owners and having been presented to the Secretary or a duly authorized representative. No business shall be transacted at a special meeting except as stated in the notice unless by consent of seventy-five percent (75%) of the Owners present, either in person or by proxy.

5. **Notice of Meetings.** It shall be the duty of the Secretary, or a duly authorized representative, to send a notice for each regular meeting and special meeting in a manner provided in section 9 and 10. This notice will state the purpose as well as the time and place of the meeting, to each Owner of record, at least five but not more than 10 days prior to such meeting. The mailing of notice

in the manner, provided in this section, shall be considered notice served.

6. **Adjourned Meetings.** If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time that is anticipated to produce a quorum.

ARTICLE FIVE

Board of Directors

1. **Number and Qualification.** Composed of five (5) persons, all of whom must be Owners of Units at Taylor Harbor Condominiums. At the completion of the project the Board will be increased to seven (7) persons. Only one (1) person per Unit shall be a member of the Board of Directors at any one time.

2. **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of Association's affairs and may do all such acts and things as are not by law or by these by-laws directed to be exercised and done by the Owners.

3. **Other Duties.** In addition to duties imposed by these by-laws or by resolutions of Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep, and surveillance of the project and common areas and facilities and the restricted common areas and facilities.
- (b) Collection of monthly assessments from the Owners.
- (c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities, and the restricted common areas and facilities.

4. **Management Agent.** The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section Three of the Article.

5. **Election and Term of Office.** At the first annual meeting of Association, the term of office of all Directors shall be fixed for three years. As much as practicable, one third of the terms of the members of the Board of Directors shall terminate each year.

An Election Committee of five (5) members shall be appointed by the Board of Directors not less than 30 days prior to the annual members' meeting. The Committee shall handle the process of nominations for the open positions and counting of ballots. A person running for election is not eligible to serve on the Election committee.

6. **Vacancies.** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of Unit Owners shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall serve the remaining portion of the term of the vacated position.

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

8. **Organization Meeting.** The first meeting of the newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

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

10. **Special Meetings.** Special meetings of the Board of Directors may be called by the President on three days' notice to each Director given personally by mail, email, or telephone, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like notice on the written request of at least three Directors.

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

12. **Quorum.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the quorum shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there

be less than a quorum present, the members present may adjourn the meeting from time to time. At any such meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Association.

Liability of the Board of Directors. Unless otherwise specifically stated in these By-laws, the members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, failure to adhere to the provisions of the Declaration or By-laws, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any contract shall have been made in bad faith.

ARTICLE SIX

OFFICERS

1. Designation. The principal officers of Association shall be a President, a Vice-President, Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. An officer shall be a member of the Board of Directors. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be deemed necessary.

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

3. Removal of Officers. On an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and the Board of Directors. The President shall have all of the general powers and duties that are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the Owners from time to

time as the President may decide is appropriate to assist in the conduct of Association's affairs.

5. **Vice-President.** The Vice-President shall take the place of the President and perform duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed by the Board of Directors.

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

7. **Treasurer.** The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to Association. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of, Association in such depositories as may be designated from time to time by the Board of Directors.

ARTICLE SEVEN **OBLIGATIONS OF OWNERS**

1. **Assessments.** All Unit Owners are obligated to pay monthly assessments imposed by Association to meet all communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, or other hazard. All Unit Owners shall pay monthly assessments imposed by Association. Assessments shall include monthly payments, based upon an operating budget, the reserve fund and other expenses provided herein.

The insurance policy will cover all common elements. Common elements consist of all Taylor Harbor Condominiums, except the individual Units, the fixtures therein, the garages designated for each Unit and shall include without limitation, the land on which the building is located, the building structure and exterior, perimeter walls, common sidewalks, driveways, and walkways, the building roof, foundation, pipes, ducts, electrical wiring and conduit, utility services, public utility lines, master television cable lines, water mains and lines, sewer laterals, outside walls, girders, beams, and supports, and the landscaping surrounding the property. The insurance policy will not cover any additions,

alterations, or improvements made to the original Unit (i.e. upgraded carpeting and padding).

2. Maintenance and Repair.

(a) Every Owner must perform promptly all maintenance and repair work within their individual Unit which, if omitted, would affect the project in its entirety or in a part belonging to other Owners, being expressly responsible for the damages and liabilities that failure to do so may engender.

(b) All the repairs of internal installations of the Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Unit area shall be at the Owner's expense.

(c) An Owner shall reimburse the Association for any expenditure incurred in repairing or replacing any common area and facility damaged through such Owner's fault.

3. Use of Family Units - Internal/External Changes.

(a) All Units shall be utilized for residential purposes only.

(b) An Owner shall not make structural modifications or alterations in a Unit or installations located therein without previously notifying the Association in writing, through the Association's Secretary. The Association shall have the obligation to **approve or disapprove** within thirty (30) days. Failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. The Association shall not be liable to any contractor, subcontractor or supplier or to any person sustaining personal injury or property damage, for any claim arising in connection with the additions, alterations or improvements.

No Unit Owner may alter the common areas of the condominium or add to existing exterior door, window, or exterior light fixture without the prior consent of the Board of Directors.

4. Use of Common Areas and Facilities.

(a) Unit Owners shall not place or cause to be placed anything in the common areas without the approval of the Board of Directors.

5. Right of Entry.

(a) An Owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or Association in case of any emergency originating in or threatening the Owner's Unit, whether the Owner is present at the time or not.

(b) An Owner shall permit other Owners, or their representatives, when so required, to enter the Unit for the purpose of installing, altering, or repairing the mechanical or electrical services, provided that requests for entry are made in advance (unless an emergency requires immediate action,) and that such entry is at a

time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

(b) An Owner shall grant the entry of any and all outside service contractors (i.e. fire alarm inspections) or individual(s) designated by the Board of Directors for the purpose of performing inspections required by law.

5. Rules of Conduct.

Unit Owners shall abide by the written Rules and Regulations established by the Association in addition to the laws as set forth by the Community and/or State of Wisconsin

ARTICLE EIGHT MORTGAGES

1. Notice to Association.

A Unit Owner shall notify the management agent, if any, or the President of the Board of Directors in the event there is no management agent, the name and address of the current mortgage holder or holders of any Unit and shall promptly notify the management agent or President of any changes.

2. Notice of Unpaid Assessments.

The Association, at the request of a mortgagee of a Unit, shall report any unpaid assessments due from the Owner of such Unit.

ARTICLE NINE DECLARANT CONTROL

Notwithstanding any other provisions contained in these By-laws, Declarant, its successors and assigns, shall have the right at its option to appoint and remove the members of the Board of Directors and Officers of the Association and to amend the By-laws or rules and regulations of the Association until the earlier of: (a) three (3) years after the first sale of a Unit in **TAYLOR HARBOR CONDOMINIUMS**, by Declarant, (b) thirty (30) days after the conveyance of seventy-five percent (75%) of the common element interest to purchasers by Declarant, or (c) until such earlier time as may be determined by Declarant, subject in each case to provisions of the Condominium Ownership Act of Wisconsin. Each Owner of a condominium Unit in **TAYLOR HARBOR CONDOMINIUMS**, shall be deemed by acceptance of any deed to any Unit to agree, approve and consent to the right of Declarant to so control the Association.

ARTICLE TEN OPERATION OF THE PROPERTY

1. Rules and Regulations.

The Association, through the Board of Directors, shall from time to time adopt Rules and Regulations governing the operation,

maintenance and use of the Units and the common elements and facilities by the Unit Owners and occupants. Such rules and regulations of the Association shall not be inconsistent with the terms of the Declaration or the contracts, documents, and easements referred to in the Declaration, and shall be designed to prevent unreasonable interference with the use of the respective Units and the common elements and facilities by persons entitled thereto. The Association members or guests, and any occupants of the Units, shall conform to and abide by all such rules and regulations. The Association through its Board of Directors shall designate such means of enforcement thereof as it deems necessary and appropriate. The rules and regulations may be adopted, altered, and amended or repealed by either the members of the Association or the Board of Directors, in each case by an affirmative vote of seventy-five percent (75%) or more of the votes present or represented at a meeting at which a quorum is in attendance, provided such action has been included in the notice of meeting, and provided that no rule or regulation adopted by the members shall be amended or repealed by the Board of Directors if the rule or regulation so adopted so provides. All such rules and regulations shall be in writing and shall be distributed to the Unit Owners no less than thirty (30) days prior to the effective date of the same. The rules and regulations adopted by the Board of Directors may be amended, modified, rescinded by a seventy-five percent (75%) vote of the Unit members at a regular or special meeting.

2. Common Expenses.

The Board of Directors shall determine the common expenses of the Association, and shall prepare an annual operating budget for the Association in order to determine the amount of the assessments payable by each Unit to meet the estimated common expenses of the Association for the ensuing year. The cost of water and sewer service to the Units shall be a common expense. The amounts required by such budget shall be assessed against the Units and allocated among the members of the Association according to their respective percentages of Ownership in the common elements and facilities of the Condominium as set forth in the Declaration. The assessments shall be made on an annual basis and shall be prorated and due and payable in installments. (A late charge will be imposed by the Board of Directors against a Unit Owner if any balance in common expenses remains unpaid by the 10th day of the month when due. Unpaid assessment shall bear interest at an interest rate determined as of May 1 each year. The interest rate shall be the prime discount rate plus 2% of the bank with which the Association maintains its accounts. In the event the Association maintains accounts in more than one bank, the Board of Directors shall choose among the banks in which the accounts are kept.

The Association may accelerate the annual assessment remaining unpaid with respect to such delinquent Unit for purposes of

collection or foreclosure action by the Association. In the event the annual budget and assessments are not determined prior to the beginning of a fiscal year of the Association, the assessment for the prior year shall remain in effect until revised by the Board of Directors.

3. Operating Budget.

The annual operating budget shall provide for two funds, one of which shall be designated the "operating fund" and the other the "reserve fund." The operating fund shall be used for all common expenses which occur annually or more frequently, such as amounts required for the cost of maintenance and repair of the common elements, management services, water and sewer charges, insurance on the common elements, administration, materials and supplies. The reserve fund shall be used for contingencies and periodic expenses such as road repair, paving, or renovation. In the event the Association incurs extraordinary expenditures not originally included in the annual budget, then such sums as may be required in addition to the operating fund may be charged against the reserve fund up to a maximum of 10% of the reserve fund. In the event that such funds prove inadequate to meet the necessary common expenses, or at the discretion of the Board of Directors, the Directors may levy further assessment(s) against the Unit Owners. The Board of Directors shall also have the authority to borrow sums on terms and condition acceptable to the Board of Directors and shall have the right to encumber, pledge or secure future assessment to secure the repayment of such loans.

The reserve fund may also be used to discharge mechanic's liens or other encumbrances levied against the entire property, or against each Unit, if resulting from action by the Association. The Unit Owner or Owners responsible for any lien, which is paid by the Association but not the obligation of the Association, shall be specially assessed for the full amount thereof. The Directors may also use the reserve fund for the maintenance and repair of any Unit if such maintenance and repair, although the obligation of the Unit Owner, is necessary to protect the common property. The full amount of the cost of any such maintenance or repair shall be specially assessed to the Unit Owner responsible therefore. Any charges against the reserve fund in accordance with the foregoing paragraphs, which are not otherwise repaid to the fund, shall be replenished by additional assessments against the Unit Owners in subsequent years.

The annual budget shall be prepared and determined by March 1st of each calendar year. The Board of Directors shall advise all members of the Association in writing of the amount of common assessments payable on behalf of each Unit by the date of the annual membership meeting and shall furnish copies of the budget on which such common assessments are based to each member.

If within fifteen (15) days after the annual membership meeting a petition is presented to the Board of Directors

protesting such assessments or the budget upon which they are based, and the petition is signed by members representing more than fifty percent (50%) of the Association votes, then the Directors shall notify all members of a meeting called for the sole purpose of reviewing such assessments or budget. At such meeting, the vote of more than fifty percent (50%) of the Association votes may revise the budget and assessments, and such revised budget and corresponding assessments shall replace for purposes the ones previously established; provided, however, that the annual budget and assessments may not be revised downward until two years of experience exist.

4. **Additions, Alterations or improvements by the Board of Directors.** Whenever in the judgment of the Board of Directors the common and/or limited common elements require additions, alterations or improvements costing in excess of \$10,000.00 and the making of the additions, alterations or improvements have been approved by a majority of Unit Owners, the Board of Directors shall proceed with the additions, alterations or improvements and shall assess all Unit Owners for the cost as a common expense. Any additions, alterations or improvements costing \$10,000.00 or less may be made by the Board of Directors without approval of the Unit Owners and the cost shall constitute a common expense.

5. **Working Capital Fund.**

A working capital fund shall be established equal to two months current budgeted common expenses for each Unit in **TAYLOR HARBOR CONDOMINIUMS**. The working capital fund shall be used to meet unforeseen expenditures and/or to purchase additional equipment or services. If funds for regular services are not sufficient as in the example of quarterly or annual fees plus large current services, funds from the Working Capital Fund may be used. Any excess will be placed in the Non-Statutory Reserve Fund on an annual basis. Each Unit's share of the working capital fund shall be collected from the new Owner at the time of the first sale or subsequent resale of the Unit. This is to be done at time of closing when title to the Unit is conveyed to the new Owner by the Declarant or current Owner.

5. **Commencement of Payments.**

Each Unit in the condominium shall begin paying monthly payments of common expenses to the Association as of the date of the first transfer of title to such Unit by the Declarant. Such monthly payments of common expenses shall be in accordance with the proposed annual budget prepared by Declarant for the Association. Until such time as a Unit in the condominium has been sold by Declarant, or until six (6) months after the date construction of a Unit is completed, whichever shall first occur, Declarant shall not be required to pay monthly common expenses or reserve funds to the Association with regard to unsold Units. However, during such time

Declarant shall be responsible for paying any deficiency in operating expenses of the Association which are not covered by the assessments paid by Unit Owners pursuant to the annual budget. Declarant shall make customary payments of monthly assessments as to unsold Units owned by Declarant beginning no later than six (6) months after the date construction of a Unit is completed, evidence by issuance of an occupancy permit for such Unit. At such time as Declarant is making customary payment of assessments pursuant to the annual budget as to all Unit owned by Declarant, whether or not Declarant is required to do so, Declarant shall no longer be responsible for paying any deficiency in operating expenses of the Association.

6. Default and Liens.

All assessments, until paid, together with interest at the prime rate (as described in Section 10.2) and actual costs of collections, constitute a lien on the Units on which they are assessed and on the undivided interest in the common elements appurtenant thereto. If a member of the Association is in default in payment of any charges or assessments for a period of more than thirty (30) days, the Board of Directors, in the name of the Association, may file liens therefore, and bring suit for and on behalf of the Association, as representative of all members, to enforce collection of such delinquencies or to foreclose the lien therefore, as provided by law, and there shall be added to the amount due the costs of collection and interest, together with attorney fees. Liens shall be signed and verified on behalf of the Association by any officer of the Association. The Owners of a Unit against which a lien has been filed shall not be entitled to vote at Association meetings until the lien has been paid in full.

ARTICLE ELEVEN **ENFORCEMENT**

Any rules and regulations adopted by the Association shall be enforced by such means as the Association deems necessary and appropriate, including but not limited to, an appropriate fine enforced by lien or otherwise, the amount of which is to be determined by the Association or injunctive action through a Court of Law, if necessary.

Article TWELVE **Sales of Units**

1. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, or sell a Unit unless and until the Unit Owner shall have paid in full to the Association any unpaid common expenses, fines (sanctions), etc. previously assessed by the Board of Directors against the Unit.

Article 13

Lease of Units

Leases. Units Owners may not rent their Units or hold their Units out for rent. Units may only be occupied by the parent, step-parent, child, or spouse of the parent, step-parent, or child.

In the event the Unit is owned by a trust in which the grantor is the primary beneficiary of the trust, the Unit may be occupied by a parent, step-parent, child, grandchild or spouse of the parent, step-parent, child or grandchild of the grantor.

For the purposes of this section child includes children and grandchildren by birth or adoption.

Units that are subject to leases on the effective date of this by-law may continue to be leased by current Owners, but not by subsequent Owners. In addition, a Unit that is not leased for a period of 12 consecutive months cannot be leased by current, nor subsequent Owners.

(End of By-Laws).

**Amendment to the By-Laws
of
Taylor Harbor Condominiums, Inc.**

This amendment is to change the provisions of Article Ten subparagraph 4 on page 11 of the original by-laws. Subparagraph 4 is changed to now read:

4. Working Capital Fund

(a.) A working capital fund shall be established equal to two months current budgeted common expenses for each unit in **TAYLOR HARBOR CONDOMINIUMS**. The working capital fund shall be used to meet unforeseen expenditures and/or to purchase additional equipment or services. If funds for regular services are not sufficient as in the example of quarterly or annual fees plus large current services, funds from the Working Capital Fund may be used. Such funds shall be returned to the Working Capital Fund. The board of directors will determine annually how much should be in the Working Capital Fund. Any excess will be placed in the Reserve Fund on an Annual Basis. Each unit's share of the working capital fund shall be collected from the new owner at the time of the first sale or subsequent resale of the unit. This is to be done at time of closing when title to the unit is conveyed to the new owner by the Declarant or current owner.

Ratified by a duly authorized meeting of the board on May 25, 2005. Officially made part of the Association by-laws as of date of ratification by board.

Accepted on behalf of the Association by: