

ARTICLE VII

Sales and Leases of Units

Section 1. Sales and Leases. No unit owner may sell or lease his/her unit or any interest therein, except by complying with the provisions of this Section. A unit owner's sale of his/her unit shall include the sale of (a) the undivided interest in the common areas and limited common areas and facilities appurtenant thereto; (b) the interest of such unit owner in any units theretofore acquired by the Board of Directors, or its designee, on behalf of all unit owners, or the proceeds of the sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the property, hereinafter collectively called the "appurtenant interests".

Any unit owner who receives a bonafide offer for the sale or lease of his/her unit, hereinafter called an "outside offer", which he/she intends to accept, shall give notice to the Board of Directors of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and offer to sell or to lease such unit, to the Board of Directors, or its designee, corporate or otherwise, on behalf of the owners of all other units, on the same terms and conditions as contained in such outside offer. The giving of such notice shall constitute a warranty and representation by the unit owner who has received such offer, to the Board of Directors on behalf of the other unit owners, that such unit owner believes the outside offer to be bonafide in all respects. Within ten (10) days after receipt of such notice, the Board of Directors may elect, by notice to such unit owner, to purchase or to lease such unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all other unit owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the unit owner. In the event the Board of Directors shall elect to purchase or to lease such unit or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the Property 45 days after the giving of notice by the Board of Directors of its election to accept such offer. At the closing, the unit owner, if such unit is to be sold, shall convey the same to the Board of Directors, or to its designee, on behalf of all other unit owners, by deed in the form for such unit upon original conveyance by Declarant, and shall pay all transfer taxes. In the event such unit is to be leased, the offering unit owner shall execute and deliver to the Board of Directors, or to its designee, a lease between the unit owner, as landlord, and the Board of Directors, or its designee, as tenant, covering such unit, on the terms and conditions contained in such outside offer. In the event the Board of Directors or its designee shall fail to accept such offer within ten (10) days, the unit owner shall be free to contract to sell or to lease such unit, as the case may be, to the outside offerer within 60 days after the expiration of the period in which the Board of Directors or its designee might have accepted such offer, on the terms and conditions set forth in the notice from the unit owner to the Board of Directors of such outside offer. Any deed to an outside offerer shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the Bylaws, and the Rules and Regulations, as the same may be amended from time to time. Any lease to an outside offerer shall be consistent with these Bylaws and shall provide that it may not be modified, amended, extended

or assigned, without the prior consent, in writing, of the Board of Directors, and that the Board of Directors shall have power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease shall be the then current form of apartment lease recommended by the Wisconsin Real Estate Board, with such modifications as shall be approved in writing by the Board of Directors. In the event the offering unit owner shall not, within such 60-day period, contract to sell or to lease such unit, as the case may be, to the outside offerer on the terms and conditions contained in the outside offer, or if such contract is entered into but not fulfilled, then the unit owner shall be required to again comply with all of the terms and provisions of this Section in order to sell or to lease the unit.

Any purported sale or lease of a unit in violation of this Section shall be voidable at the election of the Board of Directors.

When a unit owner leases or rents his/her unit, he/she relinquishes to the lessee, for the term of the lease agreement, the privileges normally exercised with respect to the parking areas and facilities of the Carriage Hills Condominium Association.

Any owner who wishes to lease his/her unit must file a written request for approval to lease the unit, with the Association Board of Directors.

The unit owner must submit the names of all occupants of the unit, the telephone numbers, the owner's new mailing address and telephone number, a copy of the lease agreement signed by the lessee, which evidences acceptance of all rules, regulations and policies of the Carriage Hills Condominium Association, and a deposit in an amount equal to six (6) months' current maintenance fees, prior to the occupancy of the unit by the tenants. If all lease agreement stipulations have been complied with and there are no liens, unpaid liquidated damages, assessment fees, or unpaid maintenance fees, the deposit will be refunded upon termination of the lease agreement.

The Association Declaration and Bylaws, Rules, Regulations and Policies shall govern the actions of the lessee(s) and members of their households. Copies of the Association rules, regulations, and policies shall be available from the professional management company, and must be accepted by the lessee. Compliance with all rules, regulations, policies, and bylaws by owners and lessees, their families and/or members of their households, the guests and employees of owners or lessees, is the responsibility of the owners. If any conduct or action is deemed to be in violation and does not cease upon notification, then the Board of Directors shall have the right to enforce the rules, regulations and policies in the manner described in the Declaration and Bylaws. Any attorney's fees, filing fees, and other expenses incidental to the enforcement of the rules by the institution of legal proceedings shall be paid by the owner of the condominium unit deemed to have violated these rules.

In addition, the rental security deposit shall be submitted to the association account within thirty (30) days after the date the rental lease becomes effective. If not received within this time,

the amount of fifty dollars (\$50.00) shall be assessed to the unit owner for each month that the security deposit remains unpaid.

Prior to each owner, lessee, or renter move-in or move-out, the owner shall notify the Association of the date of move. Failure of the owner to notify the Association not less than 24 hours prior to the move shall result in a \$50.00 penalty levied against the owner.

An inspection will be made before and after a unit owner or tenant moves out or moves in, to determine whether any damage has been done to the common area. The inspection sheet will be signed by all persons concerned.

Failure of owners to pay for damages within 30 days of billing shall result in a \$20.00 penalty, which shall be levied each month the bill remains unpaid.

Owners who are selling their unit will, at the time of closing the sale, place \$300.00 in escrow with the Association, to be retained until seller or their lessee has moved out, and to be applied toward any damage to common areas or equipment caused by the owner, their lessee, or movers, and to be returned if no damage has occurred.

Section 2. No Severance of Ownership. No unit owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his/her unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any unit may be sold, transferred, or otherwise disposed of, except as a part of a sale, transfer or other disposition of the unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant interests of all units.

Section 3. Release by Board of Directors of Right of First Refusal. The right of first refusal contained in Section 1 of this Article may be released or waived by the Board of Directors, in which event the unit may be sold, conveyed or leased, free and clear of the provisions of such section.

Section 4. Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by the Secretary of the Property, stating that the provisions of Section 1 of this Article have been met by a unit owner, or have been duly waived by the Board of Directors, and that the rights of the Board of Directors thereunder have terminated, shall be conclusive upon the Board of Directors and the unit owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any unit owner who has in fact complied with the provisions of Section 1 of this Article, or in respect to whom the provisions of such section have been waived, upon request, at a reasonable fee not to exceed \$10.00.

Section 5. Financing of Purchase of Units by Board of Directors. Acquisition of units by the Board of Directors, or its designee, on behalf of all unit owners, may be made from the working capital and common charges in the hands of the Board of Directors, or if such funds are insufficient, the Board of Directors may levy an assessment against each unit owner in proportion to this ownership in the common areas, limited common areas and facilities, as a common charge, which assessment shall be enforceable in the same manner as provided in Sections 6 and 7 of Article V. Alternatively, the Board of Directors may borrow money to finance the acquisition of such unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the unit so to be acquired by the Board of Directors.

Section 6. Exceptions. The provisions of Section 1 of this Article shall not apply with respect to any sale, lease, or other conveyance by unit owner of his/her unit to his/her spouse or any of his/her children, or to his/her parent or parents, or to his/her brothers or sisters, or to any one or more of them or to the acquisition or sale of the unit by mortgagee herein authorized who shall acquire title to such unit by foreclosure or by deed in lieu of foreclosure. However, the provision of this Section shall apply with respect to any purchaser of such unit from such mortgagee.

Section 7. Gifts and Devises, Etc. Any unit owner shall be free to convey or transfer his/her unit by gift, or to devise his/her unit by will, or to pass the same by intestacy, without restriction.

Section 8. Waiver of Right of Partition with Respect to Units Acquired by Board of Directors. In the event that a unit shall be acquired by the Board of Directors or its designee, on behalf of all unit owners as tenants in common, all such unit owners shall be deemed to have waived all rights of partition with respect to such unit.

Section 9. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his/her unit unless and until he./she shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against his/her unit, and until he/she shall have satisfied all unpaid liens against such unit, except permitted mortgages.

~~ARTICLE VIII~~

~~Condemnation~~

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the common areas or facilities, the award made for such taking shall be payable to the Board of Directors if such award amounts to \$10,000.00 or less, or does not relate to any building or a swimming pool; otherwise it shall be paid to the insurance trustee. If payable to the insurance trustee, then if the Association of Unit Owners by majority vote approve the repair and restoration within 90 days of payment of the award (or other payment if conveyed in