

BY-LAWS
OF
THE HIDDEN RESERVE CONDOMINIUMS
OWNERS ASSOCIATION, INC.

(As Last Amended on October 19, 2005)

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the corporation shall be The Hidden Reserve Condominiums Owners Association, Inc. ("Association").

Section 2. Location. The principal office of the Association shall be at Wally Lange, LLC, 533 East Cedar Lane, Mequon, Wisconsin 53092. The Association may have offices at such other places as the Board of Directors of the Association ("Board") may from time to time determine.

ARTICLE II

APPLICATION, MEMBERSHIP AND INITIAL ORGANIZATION

Section 1. Application. These By-Laws, together with the Declaration of Condominium of The Hidden Reserve Condominiums ("Declaration"), all amendments to the foregoing, all rules and regulations passed by the Association and the Wisconsin Condominium Ownership Act, as the same may be amended, renumbered, or renamed from time to time ("Act"), shall apply to, govern, and control the Condominium property and all present or future owners, tenants, employees, agents, invitees and other persons using it. The mere acquisition, rental, or occupancy of a dwelling unit ("Unit") on the property will signify the acceptance and ratification of these By-Laws by all such persons.

Section 2. Members. The Members of the Association shall consist of the Declarant and the Unit Owners who have record title in their names or who are the purchasers under a recorded land contract.

Section 3. Initial Organization. Notwithstanding any provision set forth in these By-Laws to the contrary, Wally Lange, LLC (the "Declarant") shall designate the initial Board, consisting of three (3) persons, and shall designate at least two (2) persons (who may or may not be members of the Board) to serve as the initial Officers. Such members of the Board, or successors to any of them as designated by Declarant, need not be Unit Owners and shall continue to serve until their successors are elected pursuant to Section 5, below, of this Article II.

Section 4. Declarant Control. Except as provided in Section 5, below, of this Article II, the Declarant (or persons designated by it) is¹ authorized to appoint and remove the directors and officers of the Association and to exercise the powers and responsibilities otherwise assigned by this Declaration or by Chapter 703 of the Wisconsin Statutes to the Association or to its officers. The Declarant shall control the Association until the earlier of:

- (a) ten (10) years after the date that the first Unit is conveyed by Declarant to any person other than Declarant, or
- (b) thirty (30) days after the first date on which seventy-five percent (75%) of the Common Element interest (Note: including specifically that appertaining to those additional twenty-eight (28) Units sited in Phase II, unless the Condominium has not been expanded timely by Declarant) have been conveyed by the Declarant to Purchasers, or
- (c) any other date hereafter specified by the Declarant, in a written notice delivered to the Association, as the date of expiration of the Period of Declarant Control.²

Section 5. Meetings to Elect Directors. In accordance with Chapter 703 of the Wisconsin Statutes,

- (a) prior to the conveyance of twenty-five percent (25%) of the undivided interests in the General Common Elements by Declarant to purchasers, the Association shall hold a meeting and the Unit Owners other than the Declarant shall elect at least twenty-five percent (25%) of the members of the Board which, at the sole discretion of the Declarant, may be expanded to at least four (4) persons including the newly elected member of the Board, and
- (b) prior to the conveyance of fifty percent (50%) of the undivided interests in the General Common Elements by Declarant to purchasers, the Association shall hold a meeting and the Unit Owners other than the Declarant shall elect at least thirty-three and one-third percent (33-1/3%) of the members of the Board which, at the sole discretion of the Declarant, may be expanded to at least five (5) persons including the newly elected member of the Board.

Section 6. Calculation of Percentage. The calculations of percentages of the undivided interests in the General Common Elements conveyed to purchasers, for purposes of Sections 3 and 4, above, of this Article II, shall be based on the percentage of undivided interest appertaining to each Unit which has been conveyed, assuming that all of the Units to be completed are included in the Condominium, including specifically, that appertaining to the additional maximum twenty-eight (28) Units sited in "Phase II" of Exhibit A appended to the Declaration unless the permitted by law within which to expand the Condominium has expired without that intended expansion.

Section 7. Elections after Expiration of Declarant Control. Not later than forty-five (45) days after the expiration of Declarant Control, as set forth in Section 4, above, of this Article II, the

¹ The word "are" was changed to "is" at the Annual Meeting of the Association held on November 17, 2001.

² Subsection (c) was added at the Annual Meeting of the Association held on November 17, 2001.

Association shall hold a meeting and the Unit Owners, including Declarant, to the extent that it still owns Units, shall elect at least three (3) members of the Board and the officers of the Association, all of whom shall take office immediately upon election.

ARTICLE III

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Voting. Each Member shall have one (1) vote for each Unit owned. If a Unit is owned by more than one person, is under lease or is owned by an entity other than individuals, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit or a duly authorized officer of the owner and filed with the Secretary of the Association. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a Unit may be revoked by the owner thereof at any time. There shall be no cumulative voting. If the owners of any Unit cannot agree on how to vote, each such Unit shall lose its vote for the particular item voted upon.

Section 2. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Members holding more than fifty percent (50%) of the votes shall constitute a quorum.

Section 3. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. Unless granted to a Lessee or a mortgagee, a proxy shall be effective only for one hundred eighty (180) days.

ARTICLE IV.

MEETINGS

Section 1. Roster of Members. The Association shall maintain a current roster of names and addresses of every Member upon whom notice of meetings of the Association shall be served. Every Member shall furnish the Association with his or her name and current mailing address; no Member may vote at meetings of the Association until the foregoing information is furnished.

Section 2. Place of Meetings. Meetings of the Association shall be held at its principal office or such other suitable place convenient to the Members as may be designated by the Board.

Section 3. Annual Meetings. The annual meeting of the Association shall be held each year on such date and at such time and place as the Board of Directors shall designate. In the event of failure, through oversight or otherwise, to hold the annual meeting of the Association in any year, upon waiver of notice or upon notice duly given, the meeting may be held at a later date, and any election held or business transacted at such meeting shall

be as valid and effectual as if it had been transacted at the annual meeting herein provided).³ At each annual meeting the Members shall elect one or more members of the Board in accordance with Article V hereof. The Members may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. The President shall call a special meeting of the Members when directed by resolution of the Board or when a petition signed by a majority of the Members is presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of the holders of four-fifths (4/5) of the votes of Members present, either in person or by proxy.

Section 5. Notice of Meetings. The Secretary shall deliver or mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member of record, at the address shown on the roster, at least ten (10) days but not more than thirty (30) days prior to such meeting, unless waivers are duly executed by all Members. The delivery or mailing of a notice in the manner provided in this Section shall be considered notice served and such notice shall be effective upon the date of delivery or mailing.

Section 6. Adjourned Meetings. If any meeting of the Association cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading (or waiver thereof) and correction and approval of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors (when applicable), who shall take office immediately upon election.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

Section 8. Parliamentary Procedure. Except where inconsistent with these By-Laws, meetings of the Association shall be conducted in accordance with the latest revised edition of Roberts Rules of Order.

³ The first sentence of Section 3 was amended at the Annual Meeting of the Association held on October 19, 2005. It had been previously amended by the annual meeting held on October 15, 2003 to provide that the annual meeting would be held on the third Wednesday of October each year.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors, of whom only the appointed members of the initial Board (or their appointed successors), pursuant to the provisions of Article II, Section 3, hereof, need not be Unit Owners.

Section 2. Election and Term of Office.

(a) Directors elected by Unit Owners shall be elected by plurality vote. Each Unit shall be entitled to cast one vote for each of as many persons as there are Directors to be elected and for whose election the Unit Owners of such Unit shall be entitled to vote. Votes shall not be cumulative.

(b) The initial term of a Director elected in accordance with Section 5 of Article II shall expire on the date of the annual meeting next succeeding the date of his election. Thereafter, the term of each Director elected or re-elected in succession of the Director shall be for two (2) years each and shall expire on the date of the annual meeting which is two (2) years next succeeding the date of such election or re-election.

(c) At the special meeting of the Association at which all members of the Board shall be elected by the Association as provided in Section 7 of Article II, the persons receiving the first, second and third highest number of votes shall be elected for a term of two (2) years and the persons receiving the fourth and fifth highest number of votes shall be elected for a term of one (1) year. All persons elected as members of the Board at any subsequent annual meeting of the Association shall be elected for a term of two (2) years. All members of the Board shall hold office until their respective successors shall have been elected and shall have qualified. In the event of a tie for the third or fifth highest number of votes, the outcome shall be determined by lot, in a manner prescribed by the presiding officer.

Section 3. Powers and Duties. The Board shall have the powers and duties necessary to administer the Condominium property and, among other duties, carry out the following:

(a) make and enforce (including the establishment of a system of fines or penalties which may be enforceable by Special Assessment against Unit Owners, their family members, guests or invitees for violations) rules and regulations and amendments thereto from time to time respecting the operation, use and occupancy of the Condominium property;

(b) purchase, sell and convey Lots (including the improvements thereon) incident to foreclosure of a lien for any assessments;

(c) make and collect assessments from the Members in accordance with the provisions of the Declaration and of these By-Laws, and expend those assessments for insurance, taxes, utility services for and maintenance, repair and operation of, the

Common Elements of the Condominium or for such other purposes as shall fall within the responsibility of the Association and general powers of the Board;

(d) execute contracts, deeds, mortgage and documents on behalf of the Association, employ, hire and retain necessary personnel (including agents, experts, and attorneys), and carry out all functions and purposes necessary for the operation of the Condominium property, including acquiring and conveying property, contracting for off-site recreational services and initiating, defending or resolving, on behalf of all Members, such legal action and related proceedings as it deems necessary and appropriate;

(e) satisfy all liens against the Condominium property and pay necessary expenses connected therewith;

(f) employ a professional property manager, management company or managing agent on a salaried basis to perform such duties as the Board shall authorize including but not limited to, the duties listed in this Section; and

(g) exercise all other powers necessary to maintain the Common Areas and to operate the Condominium for the mutual use and quiet enjoyment by of all Unit Owners.

(h) perform such other functions as are required or permitted by law or by the Declaration.

Section 4. Incidental Powers. The President, together with one other officer of the Association, is empowered to negotiate, execute and enter contracts, agreements and other undertakings or documents of any kind on behalf of the Association necessary or incidental to exercise of any powers or obligations of the Association or of the Board under the Declaration or these By-Laws.

Section 5. Fees. No fee or other compensation shall be paid to any member of the Board at any time except by specific resolution of the Association.

Section 6. Vacancies. Subject to Article II, Section 3 hereof, vacancies in the Board caused by any reason other than the removal of a Director by a vote of the members 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 be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors elected by the Members may be removed with or without cause by Members holding more than fifty percent (50%) of the votes and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Any Director designated in the Articles of Incorporation or appointed by Declarant may be removed at any time by Declarant which may then appoint a successor.

Section 8. Organization Meeting. The first meeting of a Board, after one or more Directors have been newly elected, shall be held within ten (10) days of such election at such place as shall be fixed by the Directors at the meeting at which such Directors were newly elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

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

Section 10. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, 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 him. 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.

Section 12. Board of Directors' Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there is less than a quorum present, then the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board shall require that all officers and employees of the Association and officers and employees of any professional manager handling or responsible for Association funds shall furnish adequate fidelity bonds. Such fidelity bonds shall name the Association as an obligee and be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Condominium, including reserves. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms and expressions. The bonds shall further provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association and to Unit mortgagees of which the Association has knowledge. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

ARCHITECTURAL CONTROL BOARD

Section 1. Board Members. All principal Officers of the Association then in office shall be members of the Architectural Control Board ("ACB") and no other person may be a member. Each member of the ACB shall serve and hold office until a successor is elected or appointed to such office.

Section 2. Officers. The ACB shall initially consist of the person(s) appointed by Declarant as President, Secretary, and Treasurer of the Association to hold office until successors are appointed by Declarant or elected by the Association. Except for officers appointed by Declarant, a person must be a Unit owner or co-Owner of a Unit in order to be eligible to serve as an officer and member of the ACB.

Section 3. Annual Meeting. An annual meeting of the ACB shall be held immediately after the annual meeting of the Association. No notice of the annual meeting of the ACB shall be required.

Section 4. Regular Meetings. Regular meetings of the ACB shall be held at such times and places as the ACB determines by resolution to be appropriate and no notice of regular meetings shall thereafter be required.

Section 5. Special Meetings. Special meetings of the ACB may be called by any officer on three (3) days prior notice to each officer, given orally or in writing.

Section 6. Waiver of Notice. Before, at, or after any meeting of the ACB, any officer may (in writing) waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice.

Section 7. Quorum and Adjourned Meetings. For all meetings of the ACB, a quorum necessary to transact business shall consist of a majority of its members and the act of such majority shall be the act of the ACB. If there is less than a quorum present at any meeting, no business shall be transacted; however, the majority of those present may adjourn the meeting from time to time without further notice if such adjourned meeting at which a quorum is present is held within 15 days of the meeting originally scheduled. If a quorum is present at an adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 8. Action without Meeting. Any action of the ACB authorized under the Declaration or these By-Laws may be taken by unanimous consent without a meeting.

ARTICLE VII

OFFICERS

Section 1. Designation and Election. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom (subject to Article II, Section 3, hereof, and to Section 2, below) shall be elected annually by the Board. The Directors may elect an Assistant Treasurer, an Assistant Secretary or such other officers as in their judgment may be necessary. Only active members of the Board may hold the offices of President and of Vice President.

Section 2. Removal of Officers; Vacancies. Upon an affirmative vote of a majority of the members of the Board, any officer (other than an officer appointed by Declarant) may be removed, either with or without cause, and his successor elected, and any vacant office may be

filled, at any regular meeting of the Board or at any special meeting of the Board called for such purpose. Any officer appointed by Declarant may be removed at any time by Declarant which may then appoint a successor.

Section 3. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, unwilling or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some 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 upon him by the Board.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board and of the Association. He shall have charge of such books and papers as the Board may direct and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall count the votes cast at any annual or special meeting of the Association or the Board.

Section 6. 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 the Association. He shall be responsible for the assessment, collection and deposit of all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may from time to time be designated by the Board.

Section 7. Compensation. No officer shall receive compensation for services rendered to the Association solely by virtue of that office unless authorized by a resolution of the Members.

ARTICLE VIII

BUDGET, ASSESSMENTS AND DEPOSITORIES

Section 1. Budget. The Board shall at least annually adopt a budget for the operation of the Association. Such budget will contain estimates of the cost of operating the Association and shall include all common expense items, including, but not limited to: the maintenance and repair of Common Element areas, management, maintenance and security personnel, administration costs, and any other expense item inuring to the benefit of all Members. The Board shall determine what sums, if any, will be required for improvements, capital expenditures, reserves or replacement funds, or other operations not included in the above which shall be included in the budget.

Section 2. Assessment. The estimate of the charges to be paid during each year by each Member for the share of the common expenses of the Condominium, in accordance with the provisions of the Declaration, shall be assessed against each Unit and paid at such time as provided in resolutions by the Board. The first assessment payment shall be made, on a prorated basis where

proper, upon receipt by the Member of his deed to his Unit. If such assessment proves inadequate, the Board at any time may levy a further assessment to be payable in such reasonable manner as the Board directs. Assessments and installments on such assessments shall be paid on or before the date when such assessments and installments are due. Any assessment or installment not paid when due shall be delinquent, and the Unit Owner may be charged interest on the unpaid assessment. The interest charged shall be calculated from the date when the assessment or installment was first due until the date it is paid. The Board of Directors shall establish a uniform policy with regard to the number of days that must run following the due date for interest to be charged and shall establish the rate of interest to be charged on such unpaid assessments or installments. All payments upon account shall be first applied to the interest, if any, and then to the assessment payment first due. If a Member fails to pay the assessment within the time herein specified, such failure shall constitute a default hereunder and the Board shall take such appropriate measures as may be allowable by law, including, but not limited to, the filing of a statement of condominium lien in accordance with the Act, which statement shall be signed and verified by the Secretary or any other officer authorized by the Board. No Member shall be entitled to cast a vote for a Unit at any meeting of the Association if the Association has recorded a statement of Condominium lien on the Member's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 3. Depositories. The funds of the Association shall be deposited in a bank or banks or other depositories designated by the Board and shall be withdrawn therefrom only upon check or order signed by the professional property manager, management company or managing agent provided such manager company or agent is bonded or by such officers who shall from time to time be designated by the Board for that purpose. The Board may require that all payment of assessments imposed by the Board against Members be paid by such Members directly to a designated depository. For checks signed by officers, the Board may direct that checks of less than Five Hundred Dollars (\$500.00) for payment of the obligations of the Association bear only one (1) signature of a designated officer but checks for a greater amount must bear a signature and counter-signature of designated officers. The Board may from time to time establish dollar limitations in excess of which the professional property manager, management company or managing agent shall not have authority to draw checks. The Board shall notify the designated depository promptly upon the establishment of such limitation.

ARTICLE IX

OBLIGATIONS OF THE UNIT OWNERS

Section 1. Maintenance and Repair.

(a) Every Member must perform promptly all maintenance and repair work within and to the exterior of his own Unit and shall keep the Limited Common Element appurtenant to his Unit in a clean and neat condition and is expressly responsible for the damages and liabilities that his failure to do so may cause.

(b) Each Member shall immediately reimburse the Association for any expenditures incurred in repairing or replacing any part of the Common Elements in any manner damaged by him, any member of his family, any tenant, any employee, any invitee or any other user or occupant of his Unit.

(c) Each member whose Unit requires repair or replacement of the roof shall coordinate that work with the Member owning the adjoining Unit. Costs due to ordinary wear and tear shall be borne proportionately; repair caused by casualty shall be the responsibility of the Member whose Unit requires the repair and if maintenance of aesthetic appearances requires replacement of the entire Building's roof, the entire cost shall be the responsibility of the Member whose Unit necessitated that. The roofs of both Units in a Building shall be the same and any replacement requires ACB approval.⁴

Section 2. Use of Common Areas and Facilities. No Member shall place or cause to be placed any objects of any kind in the Common Elements.

Section 3. Right of Entry.

(a) Each Member grants a right of entry to his Unit to the professional property manager, management company or managing agent employed by the Board or to any other person authorized by the Board in case of any emergency, whether the Member is present at the time or not. Any damage or loss caused as a result of such entry shall be at the expense only of the Member if, in the judgment of those authorizing the entry, such entry was for emergency purposes.

(b) Each Member shall permit such professional property manager, management company or managing agent employed by the Board or any other person authorized by the Board, or their representatives, when so required, to enter his Unit for the purpose of performing non-emergency installations, alterations or repairs, provided that requests for entry are made in advance and that such entry is at a time convenient to the Member.

Section 4. Rules of Conduct.

(a) There shall be no advertisements or posters of any kind posted or displayed in or on the Condominium property, except as may be permitted by the Declaration.

(b) Residents shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other persons. Domestic animals may be kept only as permitted by the Declaration.

(c) It is prohibited to hang garments, rugs, etc., from the windows or in any areas outside the Units.

(d) It is prohibited to throw garbage or trash outside the disposal receptacles.

⁴ Subsection (c) was added to the By-Laws at the Annual Meeting of the Association held on November 17, 2001.

(e) No Member shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, etc., on the exterior of the Condominium property or that protrude through the walls or the roof of any building, except satellite dishes of a neutral color twenty-one (21) inches or smaller shall be permitted.

(f) The exterior face of all window coverings, whether fabric or otherwise, must be white, off-white or natural wood tones. This includes, but is not limited to, drapes, curtains, louvered blinds and window shades. Fabric window coverings must be treated with backing or lining of opaque quality in white, off-white or natural wood tones. Any departure from the above-approved colors requires prior written approval of the Board of Directors.

Section 5. Remedies. Failure to comply with any of these By-Laws or any other rules, regulations, covenants, conditions or restrictions imposed by the Act, the Declaration or the Board shall be grounds for action to recover sums due for damages or injunctive relief or both, maintainable by the Association or, in a proper case, by an aggrieved Member.

ARTICLE X

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Members in a duly constituted meeting for such purpose; but no amendment shall take effect unless approved by the owners of at least sixty-seven percent (67%) of the total Units. For the purpose of determining the percentage in the preceding sentence, the "total Units" shall be deemed to be the total of all the Units to be completed, including specifically those sited in Phase II (unless the time permitted by law within which to expand the Condominium has expired without that intended expansion) and Declarant shall be deemed to own all Units less those actually conveyed at the time of such determination. No amendment shall limit any of the rights granted to or reserved by Declarant herein.

ARTICLE XI

MORTGAGES, STATEMENT OF UNPAID ASSESSMENTS

Section 1. Notice to Association. Any Member who permits or causes his Unit to be encumbered by a mortgage shall notify the Secretary of each such mortgage and the name and address of each such mortgagee. Such notice may also be served by any such mortgagee. The Secretary shall maintain a record of the names and addresses of all mortgagees of which the Secretary shall have received notice.

Section 2. Notice of Unpaid Assessments. Upon ten (10) days request by a mortgagee, a proposed mortgagee or purchaser who has a contractual right to purchase a Unit, the Association shall furnish to such mortgagee, proposed mortgagee or purchaser, a statement setting forth the amount of the then unpaid assessments pertaining to such Unit. If any such mortgagee, proposed mortgagee or purchaser of such Unit, in reliance upon such statement shall disburse mortgage loan proceeds or shall expend the purchase price, such mortgagee, proposed mortgagee or purchaser shall not be liable for, nor shall such Unit be subject to a lien which is not properly filed in

accordance with law prior to the date of the statement, for any unpaid assessments in excess of the amount set forth in such statement. If the Association does not provide such a statement within ten (10) business days after such request, then the Association is barred from claiming against any such mortgagee, proposed mortgagee or purchaser under any lien which is not properly filed in accordance with law prior to the request for the statement.

Section 3. Notice of Mortgage. Any mortgagee of a Unit shall be entitled to written notice from the Association of any sixty (60) day delinquency in the payment of assessment owed by the Unit Owner or, if applicable, any then occupant of the Unit, or any breach in the provisions of any of the provisions set forth in these By-Laws, the Declaration, any amendments to the foregoing or all rules and regulations of the Association, which is not cured within sixty (60) days of such breach; provided the Association shall previously have been notified of the mortgagee in the manner set forth above. Mortgagee shall also receive notice of (i) any condemnation or casualty loss affecting a material portion of the Condominium or the Unit securing its mortgage, (ii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and (iii) any proposed action which would require the consent of a specified number of eligible mortgage holders as set out in the Declaration. Any notice required or permitted to be given to any mortgagee pursuant to these By-Laws shall be deemed given if mailed or delivered to such mortgagee at the address shown in such record and shall be deemed effective as of the date of mailing or delivery.

ARTICLE XII

CONFLICTS

These By-Laws are set forth to comply with the requirements of the Act. In case any of these By-Laws conflict with the provisions of such Act or of the Condominium Declaration, the provisions of such Act or Declaration shall control; and in case of any conflict between the Act and the Declaration the provisions of the Act shall control.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of October and end on the 30th day of September of each year.

ARTICLE XIV

TREE REPLACEMENT

Subject to the Landscape Preservation Agreement made October 19, 2000, with the City of Mequon, the Association shall at its expense replace those trees in the Common Elements for which it has responsibility with stock having 3-inch caliber at 1-foot above grade. Unit Owners may

request more mature replacement stock and, if approved by the Board, the excess cost of that more mature replacement stock will be paid by those making the request⁵.

ARTICLE XV⁶

PROPERTY AND CASUALTY INSURANCE

Section 1. Association Property and Casualty Insurance.

(a) The Association shall obtain and continue in effect single entity insurance coverage on the Buildings and other improvements on or within the Condominium in an amount equal to the maximum insurable replacement value with "agreed amount" and "Condominium replacement costs" endorsements, without deduction or allowance for depreciation. The "agreed amount" shall be reviewed annually by the Board of Directors. The single entity insurance shall also provide a "waiver of subrogation" with respect to all Unit Owners, their family members, and other officers and Directors of the Association, affording protection against loss or damage by the Association, affording protection against loss or damage by common "all-risk" perils coverage and such other risks or hazards as from time to time shall be customarily covered with respect to buildings similar in construction, location and use.

(b) This insurance shall be for the benefit of the Association and the Owners of the Units and their respective mortgagees as their interests may appear; provided, however, all proceeds payable by reason of said insurance shall be paid to the Association as trustee for the Unit Owners and their mortgagees for the express purpose of reconstruction and repair or as otherwise provided in Article XIV hereof.

(c) The Association may engage the service of any bank or trust company authorized to do trust business in Wisconsin to act as trustee, agent or depository on behalf of the Association for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Association may determine consistent with the provisions of these By-Laws.

(d) The fees of such corporate trustee shall be Common Expenses assessed pursuant to Article VIII of the By-Laws. In the event of any loss in excess of \$250,000.00 in the aggregate, the Association shall engage a corporate trustee as aforesaid, or in the event of a loss resulting in the destruction of the major portion of one or more Units, the Association shall engage a corporate trustee as aforesaid upon the written demand of the Mortgagee or owner of any Unit so destroyed.

Section 2. Limits of insurance coverage.

⁵ Article XIV was added to the By-Laws at the Annual Meeting of the Association held on November 17, 2001.

⁶ Article XV was added to the By-Laws at the Annual Meeting of the Association held on October 15, 2003.

(a) The single entity insurance coverage on the Buildings and other improvements on or within the Condominium shall include:

Fixtures, improvements and alterations that are part of the buildings or structure, including, but not limited to the following: walls, floors, exterior siding and brick veneers, roof, fixtures [as defined by law], heating and air conditioning systems, water softeners and iron filters, major kitchen appliances [whether or not built-in], wet bar refrigerators, wine refrigerators, lighting fixtures, ceiling fans, attached floor coverings, built-in cabinets, shelving, counter tops, wiring, in-wall vacuum systems, garage, plumbing fixtures [including bathroom sinks, showers and tubs], and blinds.

(b) Except as included as set forth above, the single entity insurance coverage on the Buildings and other improvements on or within the Condominium shall exclude:

Personal property [owned by or in the care, custody or control of a Unit owner], automobiles, boats, motorcycles, snowmobiles, bicycles, area rugs, drapes, furniture, art, entertainment units, animals and other pets.

Section 3. Responsibility for payment of policy deductible. In the event of an insurable loss to a Unit under the terms of the policy, the Unit Owner suffering the loss is responsible for payment of the policy deductible. In the event of an insurable loss to the Common Areas, the Association is responsible for payment of the policy deductible.