

DISCLOSURE MATERIALS

LYON STREET CONDOMINIUMS

New Land Enterprises,
a Wisconsin general partnership
Declarant

1. THESE ARE THE LEGAL DOCUMENTS COVERING YOUR RIGHTS AND RESPONSIBILITIES AS A CONDOMINIUM OWNER. IF YOU DO NOT UNDERSTAND ANY PROVISIONS CONTAINED IN THEM, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.

2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY BE RELIED UPON AS CORRECT AND BINDING. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.

3. YOU MAY AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING RECEIPT OF THESE DOCUMENTS, OR FOLLOWING NOTICE OF ANY MATERIAL CHANGES IN THESE DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE.

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The disclosure materials which the Seller is required by law to provide to each prospective condominium unit purchaser contain the following documents and exhibits:

1. Declaration. The Declaration establishes and describes the condominium, the units and the common areas. The declaration begins on page A-1 of these disclosure materials.

2. By-Laws. The By-Laws contain rules which govern the condominium and affect the rights and responsibilities of unit owners. The By-Laws begin on page B-1 of these disclosure materials.

3. Annual Operating Budget. The association incurs expenses for the operation of the condominium which are assessed to the unit owners. The operating budget is an estimate of those charges which are in addition to mortgage and utility payments. The budget begins on page C-1 of these disclosure materials.

DECLARATION OF CONDOMINIUM

LYON STREET CONDOMINIUMS

NEW LAND ENTERPRISES (hereinafter referred to as the "Declarant"), does hereby declare that the real estate described below is subject to the Wisconsin Condominium Ownership Act (hereinafter sometimes referred to as the "Act"). The purpose of this declaration is to submit the lands hereinafter described and the improvements now or subsequently placed thereon, and the appurtenances thereto, to the condominium form of ownership in the manner provided by the Act and by this declaration.

1. Description of Premises. The Declarant hereby declares that it is the sole owner of the real property described in the attached Exhibit "A" and hereby incorporated and made a part hereof, together with all buildings and improvements thereon or to be constructed thereon and the appurtenances thereto which is held and shall be held, conveyed, devised, leased, encumbered, used, improved and in any manner otherwise affected subject to the provisions, conditions, covenants, restrictions and easements of this declaration and the Act. All provisions hereof shall be deemed to run with the land and shall constitute benefits and burdens to the Declarant, its heirs, successors and assigns, and to all parties hereinafter having any interest in the property.

2. Description of Buildings. One (1) building is in the process of being constructed upon the land with its location as shown on the Plat of Survey attached hereto as Exhibit "A". The building shall consist of eight (8) units with two (2) floors of living space. The principal materials of which the building is to be constructed are wood frame, concrete block, brick veneer exterior, vinyl casement windows, fiberglass roof shingles and steel exterior doors. Additional construction details are set forth in Exhibit "C" attached hereto. Complete construction details are contained in the working plans and drawings available for inspection in the office of the Declarant. Declarant reserves the right to change the layout, location and dimensions of the building and units not yet constructed, provided that such changes shall not alter substantially the nature and quality of the building and units to be erected. Declarant shall have the right to amend this declaration for the purpose of recording a plat of survey and floor plans depicting the layout, location, unit identification and dimensions of the buildings and units as finally located and erected.

Declarant reserves the right to change the style or design of any unit or building prior to construction regardless of the initial designation of such style or design on the exhibits or

elsewhere in this declaration; provided, however, that any such modifications shall be aesthetically compatible with the other units and buildings in the development and that its size, quality and value shall be no less than substantially equal to that of the one it replaces.

3. Description of Units. The unit number of each unit and the approximate area, location, number of rooms and immediate common area to which it has access are shown on the set of floor plans of the building attached hereto as Exhibit "C". The unit numbers are set forth on Exhibit "B".

The boundaries of each unit shall consist of that part of the cubic area of each building which is enclosed as follows:

(i) The vertical or parametrical boundaries of a unit shall be the plane of the interior unfinished surface of the unit walls (including doors and windows) bounding a dwelling unit extended to an intersection with the upper and lower boundaries.

(ii) The upper and lower boundaries of a unit shall be (a) lower boundary (the plane of the upper unfinished surface of the first floor that is commonly furnished as living area): and (b) upper boundary (the plane of the under unfinished surfaces of the upper level ceiling).

If any portion of the common or limited common areas or facilities shall encroach upon any unit, or if any unit shall encroach upon any other unit or upon any portion of the common or limited common areas or facilities as a result of the construction of the building, or as a result of settling or shifting of the building, a valid easement for the encroachment and for its maintenance shall exist so long as the building stands. In the event the building, the unit, any adjoining unit, or any adjoining common or limited common area or facility shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and then rebuilt, any resulting encroachment of a part of the common or limited common areas or facilities upon any unit or of any unit upon any other unit or upon any part of the common or limited common areas or facilities shall be permitted, and a valid easement for such encroachment and for its maintenance shall exist so long as the building stands.

4. Description of Common Areas. All portions of the condominium not indicated to be units or limited common areas shall be common areas. Each unit owner shall be entitled to and shall own an undivided interest in the common areas as a tenant in common with all other unit owners of the property, and, except as otherwise limited in this declaration, shall have the right to use the common areas for all purposes incident to the use and occupancy of such owner's unit as a place of residence, and such other

incidental uses permitted by this declaration, which rights shall be appurtenant to and run with his unit. Each unit's percentage of ownership in the common areas shall be the number one (1) divided by the total number of units subject to this declaration; provided, however, that the initial percentage of ownership for each unit shall be 12.5% until additional units are annexed to this declaration.

Each unit's percentage of ownership in the common areas shall be subject to such easements as Declarant has granted or may hereafter grant to the City of Milwaukee, public utilities or for sewer service, and subject to the reservation provided above.

5. Description of Limited Common Areas and Facilities. The limited common areas and facilities assigned to each unit shall consist of land, including walls, outside deck, walls, patio or porches, if any, parking areas and driveways, immediately adjacent to each unit as shown on Exhibit "A" attached hereto, the roof and space above each unit and the land under each unit together with the building foundation and outer walls. To facilitate locating on the ground the various land division lines shown on Exhibit "A" attached hereto, an iron pipe has been or will be driven into the ground at each end and each angle of each line. These pipes shall not be removed or disturbed by any person (except for periodic replacement in the same location by the association of unit owners) without compliance with the provisions of the Wisconsin Condominium Ownership Act relating to a change or alteration in the percentage of ownership in the limited common areas.

Each unit owner shall have the exclusive use of a two car garage which shall be located in said unit owner's limited common area. All parking spaces shall be assigned to unit owners by the Association and shall be subject to the rules and By-Laws of the Association.

If any portion of the common or limited common areas or facilities shall encroach upon any unit, or if any unit shall encroach upon any other unit or upon any portion of the common or limited common areas or facilities, as a result of the construction of the building, or as a result of settling or shifting of the building, a valid easement for the encroachment and for its maintenance shall exist so long as the building stands. In the event the building, the unit, any adjoining unit, or any adjoining common or limited common area or facility, shall be partially or totally destroyed as a result of the fire or other casualty, or as a result of condemnation or eminent domain proceedings, and then rebuilt, any resulting encroachment of a part of the common or limited common areas or facilities upon any unit or of any unit upon any other unit or upon any part of the common or limited common areas or facilities shall be permitted, and a valid easement for such encroachment and for its maintenance shall exist so long as the building stands.

Declarant hereby reserves for the Association acting by and in the discretion of its board of directors, the right to grant to the City of Milwaukee, or to public or semi-public utility companies, easements and rights of way over common and limited common areas for the erection, construction and maintenance of all poles, wires, pipes and conduits for the transmission of electricity, television signals, telephone and for other purposes, for sewers, storm water drains, gas mains, water pipes and mains, and similar service, and for performing any public or quasi-public utility function that the board of directors may deem fit and proper for the improvement and benefit of the property. Such easements and rights of way shall be confined, so far as possible, in underground pipes or other conduits, and in an area within ten feet of all limited common area lines, with the necessary rights of ingress and egress therefrom, and with the rights to do whatever may be necessary to carry out the purposes for which the easement was created.

6. Use and Occupancy. Each owner shall have the right to ingress and egress over, upon and across the common areas necessary for access to his unit and such rights shall be appurtenant to and pass with the title to each unit.

Each unit shall be used for residential purposes only and no trade or business of any kind may be carried on therein. Lease or rental of a unit for residential purposes shall not be considered to be a violation of this covenant. Any leasing of a unit shall be for a term of not less than six (6) months. No lease or other rental agreement shall relieve an owner of his obligation to pay common area charges or any other obligation imposed upon the unit owners or by this declaration. Notwithstanding anything herein contained to the contrary, the Declarant shall have the absolute right to use one or more units as and for a sales office and models until such times as Declarant shall, at its sole discretion, determine that such use shall no longer be required for Declarant's purposes. The Declarant shall also have the absolute right to erect signs on the building to identify said sales office and models. Declarant shall have the right to lease or rent any unit owned by it for residential purposes but shall not be bound by the requirement that the term of such lease be for not less than six (6) months.

There shall be no obstruction of the common areas or limited common areas nor shall anything be kept or stored on any part of the common areas or limited common areas without the prior written consent of the Association, except as specifically provided herein. No garbage or rubbish containers shall be placed on or kept in any common areas or limited common areas except as permitted by the Association and except for pick-up collection purposes. No boat, snowmobile, trailer, camper, motorhome, recreational vehicle (which is defined as any motor vehicle larger than an ordinary automobile) or like vehicle or equipment shall be stored or parked on any part of the common area or on any limited common area at any time. No

sign shall be placed upon any common area or limited common area without the express written authorization of the Association, except that the Declarant may place one or more signs in the common area designed to direct members of the general public and prospective purchasers from the public roads through the condominium to its sales offices and models, and unit owners when appropriate may place one "for sale" sign on their limited common area to publicize the fact that their unit is for sale.

Nothing shall be done or kept in any unit or in the common or limited common areas or any part thereof to increase the rate of insurance on the premises or any part thereof over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept in any unit or in the common or limited common areas or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the common or limited common area or any part thereof shall be committed by any owner or any invitee of any owner and each owner shall indemnify and hold the Association and the other owners harmless against all loss resulting from any such damage or waste caused by him or his invitees to the Association or other owners. No noxious destructive or offensive activity shall be carried on in any unit or in the common or limited common area or any part thereof. Nor shall anything be done therein which may be or may become an annoyance or nuisance to any other owner or to any other person at any time lawfully residing in the unit. Each unit owner shall be responsible for salting sidewalks appurtenant to their unit as weather conditions may require. Construction of new units shall not be deemed to be a nuisance with respect to any existing units.

Each unit shall be responsible for its own utilities; provided however with respect to the water utility, that any water usage for the condominium as a whole which exceeds the sum of the individual water bills shall be deemed a common expense to be paid by the Association.

No owners shall violate the rules and regulations for the use of the units and of the common or limited common areas as adopted from time to time by the Association.

Any owner may delegate, in accordance with the By-Laws or this declaration, his right of enjoyment to the common areas and facilities to the members of his household, to the tenants of his unit or contract purchasers of his unit who reside on the property and only to said individuals.

A unit owner acquiring an adjoining or adjoining part of an adjoining unit may not remove any part of any intervening partition or create doorways or other apertures therein, even if the partition may in whole or in part be a common element, and even if

those acts do not impair the structural integrity or lessen the support of any portion of the condominium. The creation of doorways or other apertures is deemed an alteration of boundaries.

Each unit owner shall have the right to mortgage or encumber his own respective unit, together with his respective ownership interest in the common areas and limited common areas. No unit owner shall have the right or authority to mortgage or otherwise encumber in any manner whatsoever the property or any part thereof, except his own unit and his own respective ownership interest in the common areas and limited common areas.

It is intended and understood that real estate taxes are to be separately taxed, to each unit owner for his unit and his corresponding percentage of ownership in the limited common areas and common areas, as provided in the Act. In the event that, for any year, such taxes are not separately taxed to each unit owner, but are taxed on the property as a whole, then each unit owner shall pay his proportionate share thereof, the allocation in respect to common areas to be in accordance with his respective percentage of ownership interest in the common areas.

Each unit owner shall furnish, at his own expense, and be responsible for, the following:

(a) The maintenance, repairs and replacements of all conduits, ducts, sewers, plumbing, wiring, and other facilities within the building for the furnishing of utilities which service the unit.

(b) All of the maintenance, repairs, and replacements within his own unit, of all of the doors and windows appurtenant thereto, and any portion of utility service facilities located within the unit boundaries.

7. Association Membership and Voting Rights. Every unit owner shall be entitled and required to be a member of the Association. If title to a unit is held by more than one person, each of the persons shall be members; however, each unit shall be entitled to one vote only. An owner of more than one unit shall be entitled to one membership for each unit owned by him. Each such membership shall be appurtenant to the unit upon which it is based and shall be transferred automatically by conveyance of this unit. No person or entity other than an owner or Declarant may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to a unit; provided, however, that the rights of voting may be assigned to a mortgagee as further security for a loan secured by a lien on a unit.

Until three (3) years from the date of the first conveyance by Declarant of a unit to any other person, or until thirty days after 75% of the interests in the common areas have been conveyed to purchasers, whichever shall first occur, Declarant or persons authorized by it may appoint and remove the members of the board of directors and the officers of the Association and exercise the powers and responsibilities otherwise assigned by this declaration to the Association and its officers. Notwithstanding the foregoing, prior to the conveyance of 25% of the interests in the common areas to purchasers, members of the Association shall hold a meeting and unit owners other than the Declarant shall elect at least 25% of the members of the board of directors of the Association. Prior to the conveyance of 50% of the interests in the common areas, the members of the Association shall hold a meeting and unit owners other than Declarant shall elect at least 33.33% of the board of directors of the Association.

The calculation of the percentage of common area interest conveyed to purchasers shall be based on the percentage of individual interests appertaining to each unit which has been conveyed assuming that all the units to be completed are included in the condominium.

Not later than 45 days after expiration of any period of control by Declarant, the members of the Association shall meet and unit owners shall elect all members of the board of directors of the Association.

The members of the Association shall be all unit owners including the Declarant and they shall be entitled to one vote for each unit owned. The vote for each unit shall be exercised as the members determine, but in no event shall more than one vote be cast with respect to any unit. There can be no split vote. Prior to the time of any meeting at which a vote is to be taken, each co-owner shall file the name of the voting co-owner and mortgagee, if any, with the secretary of the Association in order to be entitled to a vote at such meeting, unless such co-owners have filed a general voting authority with the secretary applicable to all votes until rescinded.

The provisions of this paragraph are to be amplified by the By-Laws of the Association; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the owners set forth herein.

8. Rights and Obligations of the Association. The Association, subject to the rights of the owners set forth in this declaration, shall be responsible for the exclusive management and control of the common areas and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair.

The Association, subject to the rights of the owners set forth in this declaration, shall have the following responsibilities with respect to the limited common areas:

(a) Planting, pruning and caring for trees, shrubs, bushes and the like.

(b) Planting, fertilizing, cutting and general upkeep of lawns.

(c) Maintenance and repair, as well as replacement and mudjacking where necessary, of driveways, sidewalks and patios.

(d) Raking and removal of leaves and debris left by storms and similar causes.

(e) Snow removal.

(f) Painting exterior and roof maintenance.

(g) Maintenance, repairs and replacements of all conduits, ducts, sewers, plumbing, wiring and other facilities for the furnishing of utility services which may be located within the common or limited common areas.

(h) Maintenance, repairs and replacements as may be required for the bringing of water and utilities to the building in which the units are located shall be furnished by the Association as part of the common expense.

(i) The Association shall be responsible for and pay for the maintenance, repairs and replacements of the exterior of each unit including the roof, exterior walls and foundation.

(j) Each building shall provide at least one and no more than two exterior lighting posts and fixtures compatible with existing lighting in the area as designated by the Declarant, and the cost of operation, maintenance and replacement shall be paid by the Association.

The Association shall have the right to have access to each unit and to the limited common area appurtenant thereto during reasonable hours for maintenance, repair or replacement of any limited common area and/or common area and the facilities accessible from such areas or for making emergency repairs necessary to prevent damage to the common area or facilities or to another unit.

The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the

proper operation of the common areas and to discharge its responsibilities with respect to the limited common areas, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with these operations and for the enforcement of this declaration. The Association may arrange with others to furnish water, trash collection and other common services to each unit.

The Association may acquire and hold for the use and benefit of all of the unit owners tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the unit owners in the same proportion as their respective interest in the common areas. Such interest shall not be transferable except with the transfer of a unit. A transfer of a unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. The transfer title to a unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed unit.

The Association may make reasonable rules and regulations governing the use of the units and of the common and limited common areas, which rules and regulations shall be consistent with the rights and duties established in this declaration.

The Association may exercise any other right or privilege given to it expressly by this declaration or by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonable or necessary to effectuate any such right or privilege.

9. Covenant for Assessments. Except as more particularly set forth in the declaration with respect to Declarant, each unit owner shall be obligated to pay its proportionate share, determined as more particularly set forth in these articles, including Common Expenses associated with Limited Common Elements assessed against each Unit Owner, assessed by the Board of Directors pursuant to this Declaration and the By-laws adopted by the Association. With respect to utility or other charges that are billed to the Association as a whole but are allocable to individual units by means of separate meters or otherwise, each unit owner shall be obligated to pay such amounts as are allocated to said unit. Such charges shall be added to the common area charges for each unit and shall be billed to the unit owners at such intervals as the Association may determine to be appropriate. No Unit Owner may be exempted from liability to contribute toward payment of the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or her Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses

assessed against his or her unit subsequent to the perfection of a sale or other divestiture of title, by operation of law or otherwise, of such Unit by such Unit Owner. The purchaser of a Unit or other successor Unit Owner shall be liable jointly or severally with the divesting Unit Owner for all unpaid assessments which have become due and payable against such divesting Unit Owner's Unit prior to and up to the time of divestiture, without prejudice, however, to any rights of such successor owner or to recover from the divesting Unit Owner; provided, however, that any such divesting unit owner and successor upon written request shall be entitled to a recordable statement from the Board of Directors or Managing Agent setting forth the amount of the unpaid assessments against the divesting Unit Owner's Unit, and such successor shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount set forth in such statement. Failure to furnish or make available such statement within 10 business days after receipt by the Association of a second written request therefore, which request shall be given no sooner than 10 days and no later than 30 days after the giving of the first written request therefore, shall extinguish the lien for then unpaid assessments. Notwithstanding anything to the contrary contained in the foregoing, payment of a fee of \$25.00 or if greater, the lesser of the amount assessed by the Board of Directors therefore or the maximum amount allowable under the Act shall be required as a prerequisite to the issuance of such a statement.

Each owner of any unit by the acceptance of a deed therefor, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association such sums as may be properly assessed for the purposes provided in this declaration including for the annual assessments, for special assessments for capital improvements, and for any other matters as provided in this declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this paragraph. Notwithstanding the foregoing, Declarant shall not be liable for annual or special assessments.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents, to pay for the improvement and maintenance of the common and limited common areas and such emergency repairs as the Association may deem necessary, to pay for the obligations of the Association under this declaration and for the purposes described in this declaration.

Until January 1, 1998, the annual assessment for each unit constructed shall not exceed a sum equal to \$1,020.00 including the premium for casualty insurance allocable to such unit (Said amount does not include utility costs that are billed for the building as a whole but reallocated by means of separate meter or otherwise to

the individual units by the Association). Until said date the Declarant shall provide the balance of the funds, if any, required for the operation of the Association.

Subject to the foregoing limitation, the board of directors of the Association shall fix the annual assessment.

Notwithstanding the foregoing or any other terms of this Declaration, there shall be established an initial capital working fund through the payment made by each Unit Owner, upon the purchase of his or her Condominium Unit from Declarant, of an amount equal to twice the monthly installments for Common Expenses for such Unit under the budget then in effect. Declarant shall deliver such funds so collected to the Board of Directors to provide working capital for the Association. Except as otherwise set forth herein, neither Declarant, any mortgagee who obtains title to Unit by foreclosure or deed in lieu thereof, any purchaser at a foreclosure sale, nor any purchaser upon a resale of a Unit, shall be required to pay working capital assessments. The working capital fund may be used for any lawful purpose, as the Board of Directors from time to time shall determine, provided said purpose is then permitted under the regulations of the Federal National Mortgage Association, if then applicable to the Condominium.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, any deficit and the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of 51% of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose. The cost of the construction of the initial common area improvements are excluded from the special assessment authorized in this section, such costs to be borne by Declarant.

In addition to the above, the Association may levy a special assessment applicable to the unit owner responsible for damage or waste caused by him or his invitees to the common or limited common area as prohibited in paragraph 6, provided that such assessment shall have the assent of 51% of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

Written notice of any meeting called for the purpose of taking any action as authorized under the above paragraph shall be sent to all members and any mortgagee who shall request such notice in writing not less than 10 days nor more than 30 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast 51% of all the votes shall constitute a quorum.

Except for the premium for casualty insurance allocable to each unit, Association reimbursement for individual unit owner's responsibility for damage to common or limited common area and the cost of repair or reconstruction to be the subject of an extraordinary assessment under the circumstances detailed in paragraph 10 (both annual and special assessments) must be fixed at a uniform rate for all units and may be collected on a monthly basis.

The annual assessments provided for herein shall commence as follows:

(a) As to each constructed unit owned by the Declarant, on the first day of the month following the completion of construction; and

(b) As to a unit conveyed to an owner, on the first day of the month following the issuance of an occupancy permit therefor.

The first annual assessment for a unit shall be adjusted according to the number of months then remaining in that calendar year. The board of directors shall fix the amount of the annual assessment against each unit at least 45 days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every unit owner subject thereto. The due dates shall be established by the board of directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified unit have been paid.

The total annual assessment against each Unit Owner for Common Expenses and any special assessment levied pursuant hereto, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees, hereby is declared to be a lien against the Unit of such Unit Owner within the purview of the Act, which lien shall be enforced pursuant to Section 603.16 of the Act, as amended or renumbered from time to time, and as provided by law.

Notwithstanding any other provision of the Declaration or the By-laws to the contrary, any lien for assessments shall be subordinate to the rights of the holder of a mortgage made in good faith, for value received, and recorded prior to the date such assessment becomes due and payable, and such mortgagee or the purchaser at a foreclosure sale, their successors and assigns, shall not be liable for and such Unit shall not be subject to a lien for the payment of assessments which have become due and payable prior to the acquisition of title or the taking of possession (whichever first occurs) of such Unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure; provided, that such subordination shall apply only to assessments

which have become due and payable prior to such acquisition of title or the taking of possession of such Unit, and such mortgagee or purchaser, their successors and assigns, shall be liable for and each Unit shall be subject to a lien for assessments thereafter becoming due and payable. Any such unpaid assessments for which such mortgagee or purchaser, their successors and assigns, shall not have liability pursuant to this section shall constitute a Common Expense for which each Unit Owner, including such mortgagee or purchaser, their successors and assigns, shall be liable in proportion to each Unit Owner's obligation to pay Common Expenses.

The Board of Directors, or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than 30 days from the due date for payment thereof.

In the event of a default by any Unit Owner in paying any Common Expenses or any other sum assessed against the Unit Owner which default continues for a period in excess of 10 days, such Unit Owner shall be obligated to pay a late payment penalty in the amount of 5% of the entire amount of the installment of Common Expenses or other sums which were due, or such other amount as from time to time shall be determined by the Board of Directors and written notice of which is given to the Unit Owners, and interest on the amount of such assessment from the due date thereof at the lesser of: (a) the greater of (i) 18% per annum or (ii) 5% over the "prime rate" as such rate is announced by Firststar Bank Milwaukee, N.A., its successors or assigns, at its principle place of business from time to time as its "prime rate" or (b) the highest interest rate permitted by law (the "Default Rate:").

In addition to the late payment penalty set forth in the preceding paragraph, the Board of Directors shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including attorneys' fees, in an action brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 703.16 of the Act. The Board of Directors shall also have the right to prohibit such Unit Owner from voting at a meeting of the Unit Owners' Association or serving on the Board of Directors if the Unit Owners' association has recorded a statement of condominium lien on such Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

A release of lien shall be executed by the Association and recorded in the Milwaukee County, Wisconsin real estate records, upon payment of all sums secured by a lien which has been made the subject of a recorded notice of lien.

Any encumbrancer holding a lien on a unit may pay, but shall not be required to pay, any amounts secured by the lien created by this paragraph, and upon such payment such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

The Association shall upon written request report to any encumbrancer of a unit any unpaid assessments remaining unpaid for longer than 30 days after the same shall have become due; provided, however, that such encumbrancer first shall have furnished to the Association written notice of such encumbrance.

Any assessment not paid within 10 days after the due date shall bear interest from the due date at such rate as may from time to time be fixed by the Association but in no event at a rate greater than permitted by law. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his unit. A suit to recover a money judgment for unpaid expenses hereunder shall be maintainable without foreclosing or waiving the lien securing the same.

A unit owner shall have no right to vote at any meeting of the Association during all the time that an assessment against his unit is unpaid for more than 10 days.

Except as otherwise provided by the Act, no provision of this Declaration, the By-laws, or the Rules and Regulations, shall be construed to grant to any Unit Owner, or to any other party, any priority over any rights of holders of first mortgages or deeds of trust pursuant to their first mortgages or deeds of trust in case of the distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of a Unit and/or the Common Elements or any portions thereof.

10. Casualty Insurance and Liability Insurance. The Association, for the benefit of all unit owners, shall carry public liability insurance in respect to the limited common areas and the common areas and shall insure the units, limited common areas and facilities, and improvements on the common areas against loss or damage by fire and such other hazards as the Association may deem desirable, for the full insurable replacement cost of the units, without prejudice to the right of each unit owner to also insure his own unit for his own benefit. The Association shall annually re-evaluate the adequacy of such insurance to cover the full replacement cost of the units and improvements of the common elements. The premiums for such insurance on the units shall be deemed common expenses; provided, however, that in assessing premiums against individual unit owners, premiums are to be assessed in accordance with the units' percentage interest in

limited common areas and common areas. Such insurance coverage shall be written in the name of, losses under shall be adjusted by, and the proceeds of such insurance shall be payable to, the Association as trustee for the unit owner or unit owners. All physical damage insurance policies purchased by the Board of Directors shall provide that, with respect to any single loss, if the proceeds thereof exceed \$100,000.00, then all such proceeds shall be paid in trust to such bank, insurance company, trust company or other agency, with trust powers, located in the State of Wisconsin, as may be designated by the Board of Directors (which trustee herein is referred to as the "Insurance Trustee"). If such proceeds do not exceed \$100,000.00, then all such proceeds shall be paid to the Board of Directors to be applied pursuant to the provisions of this Declaration. The Board of Directors shall enter into an Insurance Trust Agreement with the Insurance Trustee chosen by the Board of Directors. The Insurance Trust agreement shall provide that the Insurance Trustee shall not be liable for the payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same, in trust, for the purposes stated in these Declarations for the benefit of the insureds and their beneficiaries.

The proceeds of such insurance shall be applied by the Association or by the corporate trustee on behalf of the Association for the repair or reconstruction of the unit or units; and the rights of the mortgagee of any unit under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions herein with respect to the application of the insurance proceeds to reconstruction of the unit or units. Payment by an insurance company to the Association or to such corporate trustee of the proceeds of any policy and the receipt of release from the Association of the company's liability under such policy shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which such proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or to see to the application of any payments of the proceeds of any policy by the Association or the corporate trustee.

In the event of a partial or total destruction of one or more units, they shall be rebuilt and repaired as soon as practicable and substantially to the same design, plan and specifications as originally built, and to a condition compatible with the remainder of the condominium, except that in the event that the casualty insurance proceeds insuring same are insufficient to effect complete and total reconstruction of the unit or units so damaged

or destroyed, any portion of such cost not covered by the insurance proceeds shall be paid by the unit owner or owners whose unit was repaired or reconstructed. In the event that repair work or reconstruction is not accomplished within a reasonable time, the board of directors of the Association may elect to have the work done itself and charge the full cost thereof as an extraordinary assessment against the unit or units benefiting from the work or, as an alternative thereto, the Association by written consent of 2/3 of its members may make the determination not to reconstruct or repair. If such a determination not to repair or reconstruct is reached, then the condominium shall be subject to an action for partition, except that the net proceeds of insurance for a building and net proceeds of sale of such buildings which are removed from the condominium by partition shall be distributed to owners and mortgagees of such units in proportion to the ratio of the most current appraised replacement value of each unit to the total appraised replacement value of the building of which that unit is a part. Extraordinary assessments made as provided in this paragraph shall be assessed in the manner described in paragraph nine of this declaration regarding special assessments and give to the Association the same entitlement to a lien and the same rights with respect to collection as described in paragraph nine.

In the event of the partial or total destruction of the common elements of this condominium, they shall be rebuilt and repaired as soon as practicable and substantially to the same design, plan and specification as originally built and to a condition compatible with the remainder of the condominium, except that in the event that the casualty insurance proceeds insuring the same are insufficient to effect complete and total reconstruction of the common elements so damaged or destroyed, any portion of the cost of such repair and/or reconstruction not covered by insurance proceeds shall become a common expense of all unit owners, unless a determination not to reconstruct or repair said common elements is made by the board of directors of the Association in which case the condominium shall be subject to an action for partition upon written consent of 2/3 of the members of the Association. In the case of partition under the circumstances described in this section, the net proceeds of sale together with the net proceeds of insurance shall be considered as one fund and shall be divided among all unit owners in proportion to their percentage interests in the common elements, and shall be distributed in accordance with the priority of interests in each unit.

Each Unit Owner shall have the right, at such Owner's expense, to obtain insurance for his or her own Unit and for his or her own benefit and to obtain insurance coverage upon such Unit Owner's personal property and for such Unit Owner's personal liability as well as upon any permitted betterments and improvements made by such Unit Owner to his or her unit.

11. Architectural Control. No exterior or interior additions or alterations to any building, no additional fences or changes in existing fences, hedges, walls, walkways, lamp posts, mail boxes and other structures shall be commenced, erected or maintained and nothing shall be altered on, constructed on or removed from any common or limited common area and the appearance thereof shall not be changed or modified (except such as are installed or approved by the Declarant in connection with the initial construction of the buildings) until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding buildings in the development by an Architectural Control Committee appointed by the board of directors of the Association, or its duly appointed representative or representatives. In the event said committee, or its designated representatives, fails to approve or disapprove such design and location within 45 days after said plans and specifications have been submitted to it, such approval will be deemed to have been given. If no application has been made to the Architectural Control Committee or its representatives, suit to enjoin or remove such additions, alterations or changes may be instituted at any time. Neither the members of the Architectural Control Committee nor its designated representatives shall be entitled to compensation to themselves for services performed pursuant to this paragraph, but compensation may be allowed to independent professional advisors retained by the Architectural Control Committee. Exterior antennae shall not be placed on any building without the approval of the Architectural Control Committee or its designated representatives. During the time that the Declarant has the right to appoint one or more members of the board of directors of the Association, the actions and decisions of the Architectural Control Committee must have the written approval of the Declarant.

12. Party Walls. Each wall which is built as a part of the original construction of the buildings and placed on the dividing line between the units shall constitute a party wall, and to the extent not inconsistent with the provisions of this paragraph, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions will apply thereto.

The cost of reasonable repair and maintenance of a party wall shall be shared by the unit owners who make use of the wall in proportion to such use.

The right of any unit owner to contribution from any other unit owner under this paragraph shall be appurtenant to the land and shall pass to such unit owner's successor in title.

15. General Provisions. The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations, now or hereafter imposed by the provisions of this declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

This declaration may only be terminated by the unanimous consent of all of the owners of all units and all of the parties holding mortgages, liens or other encumbrances against any of said units, in which event the termination of the declaration shall be by such plan as may be then adopted by said owners and parties holding any mortgages, liens or other encumbrances. Such election to terminate this declaration shall be executed in writing by all of the aforementioned parties, and such instrument or instruments shall be recorded in Milwaukee County, Wisconsin.

No amendment to this declaration shall be adopted which would operate to affect the validity or priority of any mortgage held by a mortgagee or which would alter, amend or modify, in any manner whatsoever, the rights, powers and privileges granted and reserved herein in favor of any mortgagees or in favor of the Declarant without the consent of all such mortgagees or the Declarant, as the case may be.

Any amendment must be recorded in the office of the Register of Deeds in and for Milwaukee County, Wisconsin

The name and address of the person initially designated to receive service of process on behalf of the Declarant is Boris Gokhman, agent, 3049 Renee Court, Mequon, Wisconsin 53092. Change of the person designated to receive service of process may be accomplished by a resolution of the board of directors of the Association and upon filing of the person's name and address with the Secretary of State of the State of Wisconsin.

A transfer fee in an amount to be determined by the Association, said transfer fee to be such reasonable sum as may be fixed from time to time after giving due consideration to the effect of the inflation or deflation, shall be paid to the Association by any unit owner transferring title to his unit to a

new owner at the time of the delivery of the deed or other document of conveyance.

IN WITNESS WHEREOF, NEW LAND ENTERPRISES, a Wisconsin general partnership, has caused this instrument to be signed and sealed on this _____ day of _____, 1996.

NEW LAND ENTERPRISES,
a Wisconsin General Partnership

By _____
Boris Gokhman, General Partner

By _____
Vladimir Shukh, General Partner

STATE OF WISCONSIN)
) SS:
OZAUKEE COUNTY)

Personally came before me this _____ day of _____, 1996, the above named Boris Gokhman and Vladimir Shukh, to me known to be the persons who executed the foregoing instrument and acknowledge the same.

Notary Public, State of WI
My commission: _____

This instrument was drafted by
and should be returned to:

Attorney Paul M. Dimick

of

LEVY & LEVY S. C.
N61 W6058 Columbia Road
P. O. Box 127
Cedarburg, WI 53012

(414) 377-5555