

**BY-LAWS
THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM
CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN**

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**BY-LAWS
OF
THE VILLAS AT LAKEWOOD ESTATES
CONDOMINIUM ASSOCIATION, INC.**

ARTICLE I

Name and Purpose

Pursuant to the Articles of Incorporation of THE VILLAS AT LAKEWOOD ESTATES OWNER'S ASSOCIATION, INC., and the Condominium Declaration for THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM recorded in the Office of the Register of Deeds for Waukesha County, Wisconsin (hereinafter "Declaration"), the following are adopted as the By-Laws of THE VILLAS AT LAKEWOOD ESTATES OWNER'S ASSOCIATION, INC. (hereinafter sometimes referred to as the "Association"), which is a non-profit non-stock corporation formed and organized to serve as an association of Unit Owners who own real estate and improvements in THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM (hereinafter the "Property") under the condominium form of ownership, as provided in the condominium Ownership Act of the State of Wisconsin and subject to the terms and conditions of the Declaration.

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

ARTICLE II

Members, Voting and Meetings

2.1 Members. The rights and qualifications of the members are as follows:

a. Defined. Members of the Association shall be all Unit Owners, and members shall have one vote for each unit owned. Every Unit Owner upon acquiring title to a unit under the terms of the Declaration shall automatically become a member of the Association and shall remain a member thereof until such time as his/her ownership of such unit ceases for any reason, at which time his/her membership in the Association shall automatically cease.

b. One Membership and Vote Per Unit. One membership and one vote shall exist for each unit. If title to a unit is held by more than one person, the membership related to that unit shall be shared by such owners in the same proportionate interests and by the same type of tenancy in which the title to the unit is held. Voting rights may not be split. When more than one person holds an interest in any unit the vote for such unit shall be exercised as they, among themselves, determine, but in no event shall there be more than one vote cast with respect to any unit. If only one of multiple owners of a unit is present at a meeting of the Association, the owner present is entitled to cast the vote allocated to that unit. If more than one of the multiple owners is present, and any one of them purports to cast the vote allocated to

that unit on any issue without protest being made promptly by any of the other owners of such unit to the person presiding over the meeting, it shall be conclusively presumed that such voting owner had the authority to cast the vote. In the event of such a protest, if such dispute is not resolved by the multiple owners prior to the vote being completed, they shall not be entitled to cast a vote.

c. Membership List. The Association shall maintain a current Membership List showing the membership pertaining to each unit, the address to which notice of the meetings of the Association shall be sent, and the name and address of any mortgagee of a unit from which the Association has received a written demand for notice of meetings.

d. Transfer of membership. Each membership shall be appurtenant to the unit upon which it is based and shall be transferred automatically upon conveyance of that unit. Membership in the Association may not be transferred, except in connection with the transfer of a unit. Upon transfer of a unit, the Association shall, as soon as possible thereafter, be given written notice of such transfer, including the name and address of the new owner, identification of unit, date of transfer, and any other information about the transfer which the Association may deem pertinent, and the association shall make appropriate changes to the Membership List effective as of the date of transfer. The Association may provide Membership Certificates to its members.

2.2 Quorum and Proxies for Member's Meetings. The Presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally noticed. Votes may be cast in person or by proxy. All proxies shall be in writing and filed with the Association, by delivery to any Officer or Director. The Officer or Director receiving same shall promptly transmit same to the Secretary of the Association. Every proxy shall be effective for a maximum period of one hundred eighty (180) days (unless granted to a Mortgagee or lessee), shall be revocable and shall automatically cease upon conveyance by the Member of his, her or their unit.

2.3 Act by Majority. The act of a majority of votes of the Association present in person or by proxy at any meeting at which quorum is present shall be the act of the Association, unless otherwise provided in the Declaration, By-Laws, Articles of Incorporation or the Condominium Ownership Act of the State of Wisconsin.

2.4 Time, Place, Notice and Calling of Members' Meetings. Written notice of all meetings stating the date, time and place of the meeting shall be given by the President or Secretary, unless waived in writing by all Unit Owners entitled to vote, to each member at his address as it appears on the books of the Association and shall be mailed or personally delivered not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. The inadvertent failure to give notice to any Unit Owner or mortgagee entitled to notice shall not invalidate any action taken at the meeting, unless such invalidation is otherwise required by law. Notice of meetings may be waived before or after meetings. Meetings shall be held at such time and place as may be designated by the Board of Directors, and may be held at the principal office of the property or at such other suitable place convenient to the Owners as may be designated by the Board of Directors. Notice of Special Meetings shall further specify the purpose of the meeting.

2.5 Annual and Special Meetings. The first annual meeting of the Members shall be held prior to the conveyance of twenty-five percent (25%) of the Common Element interest to purchasers, but in no event more than within one (1) year from the date of recording of the Declaration, and each subsequent annual meeting of Members shall be held on such date as may be determined each year by the Board of Directors, providing such date shall be a date within thirty (30) days prior to the anniversary date of the first annual meeting. The purpose of each annual meeting of the Members shall be for the election of Directors and the transaction of such other business as may come before the meeting. Special meetings of the members shall be held whenever called by the President or by the Board of Directors and must be called by such Officers and Directors upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes.

ARTICLE III

Board of Directors

3.1 Initial Board of Directors. The initial Board of Directors shall consist of the three (3) persons named as Directors in the Articles of Incorporation, or such other person(s) as Declarant may from time to time name to replace them. Board Members appointed by Declarant need not be members of the Association. Declarant shall have the right to remove and replace Board Members until such time as control of the Association passes to the Unit Owners pursuant to terms of the Declaration. Notwithstanding the foregoing, prior to the conveyance twenty-five percent (25%) of the Common Element interest to purchasers, an Association meeting shall be held and the Unit Owners other than Declarant shall elect at least twenty-five percent (25%) of the Board of Directors. Prior to the conveyance of fifty percent (50%) of the Common Element interest to purchasers, an Association meeting shall be held and the Unit Owners other than Declarant shall elect at least one-third (1/3) of the Board of Directors. For purposes of the foregoing, the calculation of percentage of Common Element interest conveyed to purchasers shall be based on the percentage of undivided interest conveyed to purchasers shall be based on the percentage of undivided interest appertaining to each unit, including but not limited to any and all units not yet annexed to the Project which Declarant has the right to annex pursuant to the Declaration.

3.2 Number and Qualifications of Directors. After control of the Association passes to the Unit Owners pursuant to terms of the Declaration, the Board of Directors shall consist of three (3) persons. The Directors shall be to be classified with respect to the terms for which they severally hold office as set forth in paragraph 3.4 below. Not more than one member of the Board of Directors may be a person who is not a member of the Association. In the event that any member of the Association is not a

natural person, the appointee of such member of the Association may be a member of the Board of Directors, and such appointee shall not constitute a non-member for purposes of the foregoing provision.

3.3 Power and Duties of the Board of Directors. The affairs of the Association, including management and operation of the condominium property, shall be governed by the Board of Directors. All powers and duties as shall be necessary for the administration of the affairs of the Association shall be exercised in accordance with the provisions of the Act, the Declaration, the Articles of Incorporation, and these By-Laws.

3.4 Election and Term of Directors. At the first annual meeting of the Association after Association control passes to the Unit Owners, the members shall elect three (3) Directors to the classified with respect to the terms for which they hold office by dividing them into three (3) classes as follows:

- a. One Director whose term will expire at the first annual meeting of the Association after his or her election, or at such time as his or her successor is duly elected and qualified (Class "A" Director).
- b. One Director whose term will expire at the second annual meeting of the Association after his or her election, or at such time as his or her successor is duly elected and qualified (Class "B" Director).
- c. One Director whose term will expire at the third annual meeting of the Association after his or her election, or at such time as his or her successor is duly elected and qualified (Class "C" Director).

The successors to the class of Directors whose terms expire as set forth above shall be elected to hold office for a term of three (3) years or until their successors are duly elected and qualified, or until any of said Directors shall have been removed in the manner hereinafter provided, so that the term of one class of Directors shall expire in each year.

3.5 Vacancies on Board. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the members shall be filled by a 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 members at which that class of Directors is to be elected.

3.6 Removal of Directors. At any annual meeting of the membership, or at any special meeting of the membership called for that purpose, any one or more of the Directors may be removed with or without cause by a majority of the votes of the membership present or represented at such meeting, provided a quorum is in attendance, and a successor may then and there be elected to fill the vacancy thus created.

3.7 Annual Meeting and Notice. An annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the members, for the purpose of election of Officers and transacting such business as may come before the meeting. Notice of the regular annual meeting of the Board of Directors shall not be required.

3.8 Regular Meetings and Notice. The Board of Directors may provide by resolution for regular or periodic meetings of the Board, to be held at a fixed time and place, and upon the passage of

any such resolution, such meetings shall be held at the stated time and place without the necessity of notice other than such resolution. Regular meetings may further be called by the President or by any two Directors upon not less than 7 days written notice to each Director, given personally or by mail or facsimile transmission.

3.9 Special Meetings and Notice. Special meetings of the Board of Directors may be called by the President or by two (2) Directors on twenty-four (24) hours prior written notice to each Director, given personally or by mail or facsimile transmission, which notice shall state the time, place and purpose of the meeting.

3.10 Waiver of Notice. Before, at or after any meeting of the Board of Directors, 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 by him of notice of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.11 Quorum of Directors - Adjournments. At all meetings of the Board of Directors, a majority of the Directors then in office (but not counting any Director who has tendered a written resignation to any other Director) shall constitute a quorum for the transaction of business, and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time without further notice. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted.

3.12 Fidelity Bonds. The Board of Directors may require that some or all Officers and/or employees of the Association handling or responsible for Association's funds shall furnish adequate fidelity bonds. The premiums on any such bonds shall be paid for by the Association.

3.13 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE IV

OFFICERS

4.1 Designation, Election and Removal. The principal Officers of the Association shall be a President, Vice-President, Secretary and Treasurer, to be elected annually by the Board of Directors, and such other Officers as the Board of Directors may from time to time by resolution create. At any meeting of the Board of Directors at which a quorum is present, and upon the affirmative vote of a majority of the members of the Board of Directors in attendance at such meeting, any Officer may be removed, either with or without cause, and his successor elected. Any two or more offices, except as otherwise prohibited by law, may be held by the same person.

4.2 President. The President shall be selected from among the members of the Board of Directors and shall be the chief executive Officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He shall have the general powers and duties which are usually vested in the office of President, including but not limited to, the power to sign, together with any other Officer designated by the Board, any contracts, checks, drafts or other instruments on behalf of the Association in accordance with the provisions herein. The President shall perform such other duties and have such other authority as may be delegated by the Board of Directors.

4.3 Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If both the President and the Vice-President are unable to act, the Board of Directors shall appoint some other member of the Board to act 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 of Directors.

4.4 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall have charge of the Association's books and records, and shall, in general, perform all duties incident to the office of the Secretary. The Secretary shall be responsible for maintaining the Membership List and, if so required by the Board, the issuance of membership certificates for the Association.

4.5 Treasurer. The Treasurer shall have responsibility for the Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and financial records and books of account on behalf of the Association. He shall be responsible for the deposit of all monies and all 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 of Directors. The Treasurer shall also be responsible for the billing and collection of all common and special charges and assessments made by the Association. The Treasurer shall count votes at meetings of the Association, unless another person is appointed to count votes by the person presiding at the meeting.

4.6 Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a Director or Officer of the Association, if such person (a) exercised and used the same degree of care and skill as prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the association or upon statements made or information furnished by Officers or employees of the association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law. The Board of Directors may provide Directors' and Officers' liability insurance in such amounts and with such coverage as may be determined by the Board of Directors to be necessary or advisable from time to time, and the premiums on any such insurance shall be a common expense of the Association.

4.7 Compensation. No Director or Officer of the corporation shall receive any fee or other compensation for services rendered to the Association except by specific resolution of the membership. No Director or Officer shall receive any fee or compensation for performing his or her duties as an Officer or Director. However, any Director or Officer may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE V

Declarant Control

Notwithstanding any other provision contained in these By-Laws (other than the provisions of Section 3.1 above), and to the extent not limited or prohibited by applicable law, Declarant, its successors and assigns, shall have the right at its option to appoint and remove the members of the Board of Directors and Officers of the Association, to amend these By-Laws and/or the rules and regulations of the Association, and/or to have sufficient votes to constitute a majority of all votes until the earlier of: (a) ten (10) years after the first sale of a unit in THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM by Declarant, (b) thirty (30) days after the conveyance of seventy-five percent (75%) of the Common Element interest to purchasers by Declarant, or (c) until such earlier time as may be determined by Declarant, subject in each case to provisions of the Condominium Ownership Act of Wisconsin. Each owner of a condominium unit in THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM shall be deemed by acceptance of any deed to any unit to agree, approve and consent to the right of Declarant to so control the Association. The determination of Common Element interest conveyed shall be made in the same manner as provided in Section 3.1 of these By-Laws.

ARTICLE VI

Operation of the Property

6.1 The Association. The Association, acting through the Board of Directors, shall be responsible for administration, maintenance, management and operation of the condominium property, in accordance with the Condominium Ownership Act, the Declaration, the Articles of Incorporation, and these By-Laws. The Association, by resolution of the Board of Directors, shall have full power and authority to borrow money and acquire and convey property on behalf of the Association, provided that any single Association loan, acquisition, or conveyance, involving the sum of \$10,000.00 or more, shall first be approved by majority vote of the membership at an annual or special meeting called for such purpose. The Association may, to the extent it deems advisable, contract for management services or for a managing agent with respect to the administration and operation of the condominium.

6.2 Rules and Regulations. The Association, through the Board of Directors, may from time to time adopt rules and regulations governing the operation, maintenance and use of the units and the Common and Limited Common Elements and facilities by the Unit Owners and occupants. Such rules and regulations of the Association shall not be inconsistent with the terms of the Declaration or the documents and easements referred to in the Declaration, and shall be designed to prevent unreasonable interference with the use of the respective units and the Common Elements and facilities by persons entitled thereto. The Association members, their lessees or guests, and any occupants of the units shall conform to and abide by all such rules and regulations. A violation of any such rules or regulations shall constitute a violation of the Declaration. The Association through its Board of Directors shall designate such means or enforcement thereof as it deems necessary and appropriate. The rules and regulations may be adopted, altered, amended or repealed by either the members of the Association or the Board of Directors, in each case by an affirmative vote of 2/3rds or more of the votes present or represented at a meeting at which a quorum is an attendance, provided that no rule or regulation adopted by the members shall be amended or repealed by the Board of Directors if the rule or regulation so adopted so provides.

6.3 Common Expenses. The Board of Directors shall determine the common expenses of the Association, and shall prepare an annual operating budget for the Association in order to determine

the amount of the assessments payable by each unit to meet the estimated common expenses of the Association for the ensuing year. The amounts required by such budget shall be assessed against the units and allocated among the members of the Association according to their respective percentages of ownership in the Common Elements and facilities of the Condominium and as set forth in the Declaration. The assessments shall be made on an annual basis and shall be prorated and due and payable monthly. Commencement of assessments as to each Unit shall be in the manner provided in the Declaration. Any assessments, or installments thereof, which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the date of delinquency at a rate of interest which is two percent higher than the rate prescribed by the Wisconsin Statutes to be collected upon execution upon judgments. (In lieu of charging such interest the Board may, from time to time, fix a reasonable late fee, for each month or fraction thereof that such assessment is delinquent.) If delinquent for more than thirty (30) days, the Association may accelerate the annual assessment remaining unpaid with respect to such delinquent unit for purposes of collection or foreclosure action by the Association. In the event the annual budget and assessments are not determined prior to the beginning of a fiscal year of the Association, the assessment for the prior year shall remain in effect until revised by the Board of Directors.

6.4 Operating Budget. The annual operating budget shall provide for two funds, one of which shall be designated the "operating fund" and the other the "reserve fund". The operating fund shall be used for all common expenses which occur annually or more frequently, such as amount required for the cost of maintenance and repair of the Common Elements, management services, security, insurance, common services and utilities, administration, materials and supplies. The reserve fund shall be used for contingencies and periodic expenses such as painting or renovation. In the event the Association incurs extraordinary expenditures not originally included in the annual budget, then such sums as may be required in addition to the operating fund may be charged against the reserve fund, up to a maximum of 10% of the reserve fund. In the event that such funds prove inadequate to meet the necessary common expenses, or at the discretion of the Board of Directors, the Directors may levy further assessment(s) against the Unit Owners.

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

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

At the annual meeting, or at a special meeting of the Association called by written request, given not less than 15 days after the annual meeting, of not less than 25% on the members entitled to vote, the Association may revise the budget, and such revised budget and corresponding assessments shall replace for all purposes the ones previously established, provided, however, that the annual budget and

assessments may not be revised downward to a point lower than the average total budget for the preceding two years and provided further, that if a budget and assessments have not been established and made for any two preceding years, then the budget and assessments may not be revised downward until two years of experience exist.

6.5 Default and Liens. All assessments of common expenses and special assessments until paid, together with interest and actual costs of collections, constitute a lien on the units on which they are assessed and on the undivided interest in the Common Elements appurtenant thereto, to the extent permitted by law. If a member of the Association is delinquent in payment of any charges or assessments, the Board of Directors, in the name of the Association, may file liens therefor and bring suit for and on behalf of the Association, as representative of all members, to enforce collection of such delinquencies or to foreclose the lien therefor, as provided by law, and there shall be added to the amount due the costs of collection and interest, together with attorneys fees. Liens shall be signed and verified on behalf of the Association by any Officer or agent of the Association. The owners of a unit against which a lien has been filed by the Association shall not be entitled to vote at Association meetings until the lien has been paid in full.

6.6 Initial Working Capital Fee. The initial purchaser of a Unit from the Developer shall pay to the Association, at time of closing, a one-time Working Capital Fee of \$400.00. This one-time Working Capital fee is not refundable to, nor assignable by, the Unit Owner. The Association shall be entitled to utilize the Working Capital Fees in such manner as it may determine from time to time.

6.7 Transfer Fee. The Association shall be entitled to enact a transfer fee, payable by the Grantee, on the sale and/or other conveyance of a Unit, in an amount not to exceed 1/12th of the then applicable annual per unit assessment. This transfer fee is not refundable to, nor assignable by, the Unit Owner. The Association shall be entitled to utilize the transfer fees in such manner as it may determine from time to time.

ARTICLE VII

Repairs and Maintenance

7.1 Individual Units. Each Unit Owner, at his sole expense, shall be responsible for keeping the interior of his unit and all of its equipment, fixtures and appurtenances in good order, condition and repair and in a clean and sanitary condition. Each Unit Owner must perform properly or cause to be performed all maintenance and repair work within his own unit which, if omitted, would affect the project in its entirety or a portion belonging to other owners, and such owner shall be personally liable to the Association or the adjoining Unit Owners as the case may be, for any damages caused by his failure to do so. Without in any way limiting the foregoing, in addition to decorating and keeping the interior of the unit in good repair, each Unit Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, doors and windows (including interior and exterior washing and replacement of broken glass), screens and screening, light fixtures, refrigerators, ranges, heating and air-conditioning equipment, dishwashers, disposals, laundry equipment such as washers and dryers, interior electrical wiring and fixtures, or other equipment which may be in, or connect with the unit or the Common Elements appurtenant to the unit. The Association may, by resolution, assume responsibility, in whole or in part, for the maintenance, repair and/or replacement of some or all of those portions of Units which affect the exterior appearance of the condominium.

7.2 Common Elements and Facilities. The Association shall be responsible for the management and control of the Common Elements and facilities and shall cause the same to be maintained, repaired and kept in good, clean, attractive and sanitary condition, order and repair, except to the extent individual Unit Owners are responsible therefor as provided herein or by the Declaration with respect to Common Elements and/or Limited Common Elements.

7.3 Association Services. The Association may provide any service or maintenance requested by a Unit Owner or owners with respect to individual units that the Association is able and willing to provide or perform and shall specially assess such requesting owner or owners therefor. The Board of Directors may establish policies requiring prepayment for some or all of such service or maintenance, and/or may refuse to provide same to Unit Owners who are delinquent in the payment of any sum due the Association.

7.4 Delegation of Common Area Maintenance. The Association hereby delegates to the Unit Owners the responsibility for snow and ice removal and salting and cleaning of porches and walkways and watering of lawns, shrubs, trees and other plantings. With respect to the responsibility for porches and walkways, each Unit Owner shall be responsible for those which service or are appurtenant to their respective unit. With respect to the watering of lawns, trees, shrubs and other plantings, each Unit Owner shall be responsible for such as are located within the Common area surrounding such unit. The area to be watered by each Unit Owner may be further defined by the Rules and Regulations adopted by the Association. Each Unit Owner shall perform the delegated Common area maintenance of the items set forth in this paragraph in a reasonable manner such that same are continuously maintained in a safe, sanitary and esthetically pleasing manner, and so as to prevent damage to or destruction of same. The Association shall have the power to establish, by its Rules and Regulations, specific maintenance responsibilities and requirements with respect to the delegated maintenance items.

ARTICLE VIII

Duties and Obligations of Unit Owners

8.1 Rules and Regulations. The units and the Common Elements and facilities and Limited Common Elements shall be occupied and used in accordance with the Declaration, the Articles of Incorporation, these By-Laws, the rules and regulations adopted by the Association from time to time, and the following:

a Residential purpose. The residential units shall be used for residential purposes only. The garages shall not be used for any purpose other than as a garage.

b Use of Common Elements. The common and limited common elements shall be used only for the purposes for which they are reasonably suited and which are incidental to the use and occupancy of units provided, however, that one or more unit owners may reserve the common elements for a temporary special use with the permission of the Board of Directors.

c Nuisances. No nuisances shall be allowed on the Property, nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

d Improper Use. No immoral, improper, offensive or unlawful use shall be made of the Property, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property shall be followed. Compliance shall be accomplished at the sole expense of the Unit Owners or the Board of Directors, whichever shall have the obligation to maintain or repair the affected portion of the Property.

e Increase of Insurance Rates. Nothing shall be done or kept in any unit or in the Common Elements which will increase the rate of insurance on the units or the Common Elements, without the prior consent of the Association. No Unit Owner shall permit anything to be done or kept in his unit or in the Common Elements which will result in the cancellation of insurance on any unit or any part of the Common Elements, or which would be in violation of any law or ordinance. No waste shall be committed in the Common Elements.

f Animals. No animals, livestock or poultry of any kind used or intended to be used for commercial purposes shall be raised, bred, or kept on the property. Dogs, cats and other household pets may be kept by the unit owners in the living area of their respective units, limitations on the number and size of pets may be imposed by the Board of Directors. All pets shall be carried or kept on a leash at all times when not in the units. No pets shall be permitted to cause a nuisance or unreasonable disturbance. Any pet which causes such a nuisance or disturbance to a unit owner shall be permanently removed from the unit at the order of the Board of Directors. All unit owners and occupants shall promptly and regularly clean up the excrement of their pets.

g Signs. No signs, including but not limited to signs advertising sale or rental of units, shall be allowed in the common elements, limited common elements, or units, except as specifically authorized by the Board of Directors or by the Declaration. Notwithstanding the foregoing, Declarant shall not be prohibited from erecting signs

h Leases. Owners of Units in THE VILLAS AT LAKEWOOD ESTATES CONDOMINIUM may lease their units on whatever terms and conditions they may wish, provided that in each instance the following terms and conditions are met: the lease must be in writing, signed by the owner and the tenant; the lease must specifically obligate the tenant to abide by the terms and conditions of the Declaration, these By-Laws, and all rules and regulations of the Association; and, prior to the beginning of the lease term, the owner must give the Association notice of the name and permanent address of the tenant, and the term of the lease. Notwithstanding the foregoing, Units shall not be rented for transient or hotel purposes, which shall be defined as: (i) any rental for periods of less than 30 days; or (ii) any rental if the occupants of the unit are provided customary hotel services, such as room service for food and beverage, maid service, bellboy service or laundry service.

i Window Treatments. All windows within a unit open to exterior view shall be either uncovered or treated with draperies or curtains properly hung on drapery or curtain rods, shades and/or window blinds. For purpose of uniformity of exterior appearance, the Association, by rule and regulation, may from time to time determine and specify the type, quality and appearance of draperies and window

treatments which will be visible from the exterior of the building. Unless and until such rules and regulations are adopted, all window treatments shall have a white or off-white backing.

j Temporary and Storage Structures. Temporary and storage structures, such as sheds or other storage facilities, are prohibited on Common Elements.

k Outside Storage. Patios, terraces, decks or balconies shall not be used for any storage of any kind, including, but not limited to, the storage of motorcycles, baby carriages, bicycles, or wagons, nor shall patios, terraces, decks or balconies be used for the drying or airing of laundry, carpets, rugs, or clothing. No clotheslines shall be hung in Common or Limited Common Elements.

l Access. No Unit Owner, occupant, or guest or invitee, by vehicle or otherwise, shall occupy, park upon or otherwise block access to or exit from another Unit or the approach thereto.

m Vehicles. No owner may keep or store, or permit to be kept or stored any of the following items on any portion of the Common Elements or Limited Common Elements, including but not limited to all driveways: any truck larger than a 3/4-ton pickup truck; any truck used as a commercial vehicle containing any type of signage; any junked, inoperative or unlicensed vehicles; boats, campers, recreational vehicles, snowmobiles, or any type of trailer. Notwithstanding the foregoing, such vehicles as are reasonably necessary for the construction, reconstruction, repair and/or remodeling of units and Common Elements, and/or for moving or delivery purposes, shall be allowed, providing same do not remain on the property for any time period longer than is reasonably necessary, and providing further that all owners of the Unit, jointly and severally, shall be responsible and liable to the Association for the repair of any damage to the Common or Limited Common Elements resulting therefrom. No maintenance or lubrication of any vehicle shall be permitted anywhere on the Common or Limited Common Elements.

n Rummage Sales. No rummage or garage type sales shall be conducted in or about any Unit on more than four (4) calendar days in any calendar year.

o Enforcement. The Declaration, these By-Laws and the rules and regulations as may be adopted by the Association from time to time may be enforced by such means as the Association deems necessary and appropriate, including recourse to civil authorities, court action if necessary, and monetary fines in such amounts as may be enacted from time to time as a part of the rules and regulations to be charges and assessed against the owners of units who violate or whose guests or unit occupants violate these provisions or the rules and regulations. Such fines shall be charged and assessed against the subject unit and may be enforced and collected as an assessment for common expenses, including the foreclosure of a lien therefor.

ARTICLE IX

General

9.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year, unless a different fiscal year is elected on the first annual tax return filed by the Association.

9.2 Address. The mailing address of the Association shall be 530 Hartbrook Drive, Hartland, WI 53029, or such other address as may be designated by the Board of Directors from time to time.

9.3 Seal. The Board of Directors may provide a corporate seal which, if provided, shall be circular in form and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Wisconsin".

ARTICLE X

Amendments

10.1 By Members. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the members, at any meeting called for such purpose, by the affirmative vote of Unit Owners having sixty-seven percent (67%) or more of the votes in the Association.

10.2 Rights of Declarant. No amendment, repeal or alteration of these By-Laws shall alter or abrogate the rights of Declarant as contained in these By-Laws.

ARTICLE XI

Miscellaneous

11.1 Record of Ownership. Every Unit Owner shall, upon the acquisition of a Unit, or any interest therein, promptly notify the Association, in writing, of the change of ownership, which notification shall include the Unit Number, the names of all owners of the Unit, and the address to which notices should be sent for such Unit. Every Unit Owner shall further promptly notify the Association, in writing, of any change of address.

11.2 Statement of Assessments. The Association, at the request of any mortgagee or any prospective purchaser of any unit or interest therein, shall provide a statement to such person as to the amount of any assessments against such unit then due and unpaid, within ten (10) business days after such request is received.

11.3 Indemnity of Officers and Directors. Every person who is or was a Director or an Officer of the Association (together with the heirs, executors and administrators of such person) shall be indemnified by the association against all loss, costs, damages and expenses (including reasonable attorneys' fees) asserted against, incurred by or imposed upon him in connection with or resulting from any claim action, suit or proceeding, including criminal proceedings, to which he is made or threatened to

be made a party by reason of his being or having been such Director or Officer, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The Association, by its Board of Directors, may indemnify in like manner, or with any limitations, taken or not taken in his capacity as such employee. The foregoing rights of indemnification shall be in addition to all rights to which Officers, Directors or employees may be entitled as a matter of law.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article XI contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been an employee, Director or Officer of the association with respect to any duties or obligations assumed or liabilities incurred by him as a Unit Owner under and by virtue of the Declaration, Wisconsin's Condominium Ownership Act, the Articles and By-Laws of the Association, or as a member of the Association.

11.4 Subordination. These By-Laws are subordinate and subject to all provisions of the Declaration and any amendments thereto and the Condominium Ownership Act under the laws of the State of Wisconsin, which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meanings as set forth in the Declaration and in said Condominium Ownership Act.

11.5 Interpretation. In case any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provision thereof which can be given effect. Nothing in these By-Laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the Unit Owners.

11.6 Transfer Fee. The Condominium Association may charge a reasonable fee to a Unit Owner upon the sale of a Unit. This fee may be determined from time to time by the Board of Directors of the Condominium Association as a part of the Rules and Regulations. The transfer fee shall not be charged on initial sales by the Developer.

11.7 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.