

BYLAWS
OF
BROOKFIELD LAKE
CONDOMINIUM ASSOCIATION, INC.
Waukesha County, Wisconsin

BYLAWS: BROOKFIELD LAKE CONDOMINIUM
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BYLAWS
OF
BROOKFIELD LAKE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

Plan of Unit Owners

Section 1. Applicability of Bylaws. The provisions of these Bylaws are applicable to (i) the use and occupancy of certain land, buildings and improvements located in the Town of Brookfield, Waukesha County, State of Wisconsin, which have been submitted to the provisions of the Condominium Ownership Act of the State of Wisconsin (the "Act") (Wis. Stat. Ch. 703, as amended) by a Declaration (the "Declaration") recorded in the Office of the Register of Deeds of Waukesha County, Wisconsin and (ii) the structure and operation of the "Association" of the Condominium.

Section 2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration or, if not defined therein, the meanings specified for such terms in the Act. In the event the Condominium is expanded pursuant to the provisions of the Declaration, the provisions of these Bylaws shall be applicable to the Condominium, as expanded, and the terms "Condominium," "Units," "Association," "Land" and all other terms which refer to the Condominium shall mean and refer to the Condominium, as expanded.

Section 3. Office. The office of the Condominium, the Association and the Board shall be located at the Condominium or at such other place as may be designated from time to time by the Board and the mailing address shall be c/o Brookfield Lake Development Corp., W228 N 727 Westmound Drive, Waukesha, Wisconsin 53186, Attention: Robert S. McCloud or such other address as may be designated from time to time by the Board.

ARTICLE II

*Association

Section 1. Composition. All Unit Owners in the Condominium, acting as a group in accordance with the Act, the Declaration and these Bylaws, shall constitute the Association.

* Section 2. Annual Meetings.

(a) The first annual meeting of the Unit Owners shall be held on a date to be determined by the Declarant within one (1) year following the date of recordation of the Declaration, or on or before the date of conveyance of Units to which seventy-five percent (75%) or more of the Percentage Interests in the Condominium appertain (determined in accordance with Section 1(e) of Article III hereof), whichever first occurs. Unless otherwise determined by the Board, annual meetings of the Association held after the first annual meeting shall be held on the same day of the same month of each succeeding year, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the next succeeding Monday which is not a legal holiday. Subject to the provisions of Section 1 of Article III of these Bylaws, at all annual meetings of the Association, members of the Board shall be elected and such other business as properly may come before a meeting may be transacted.

(b) As used in these Bylaws, unless the context otherwise requires, the term "conveyance" means conveyance of fee simple title by deed.

Section 3. Place of Meetings. Meetings of the Association shall be held at the office of the Condominium or at such other suitable place convenient to Unit Owners as from time to time may be designated by the Board.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or, after the first annual meeting of the Association, upon a petition signed and presented to the Secretary by Unit Owners holding not less than twenty percent (20%) of the Percentage Interests from time to time in the Condominium. No business shall be transacted at a special meeting except as stated in the notice of such meeting given in accordance with the provisions of Section 5 of this Article.

Section 5. Notice of Meetings. At least twenty-one (21) days but no more than fifty (50) days in advance of each annual meeting of the Association, and at least ten (10) days but no more than thirty (30) days in advance of each special meeting of the Association, the Secretary shall cause to be sent to each Unit Owner of record notice of the time, place and purpose or purposes of such meeting. Such notice shall be sent by United States mail, first class postage prepaid, to each Unit Owner of record, at the address of such Unit Owner's Unit or at such other address as such Unit Owner may have designated in writing to the Secretary. The Association shall maintain a current roster of names and addresses of every Unit Owner. Every Unit Owner shall furnish the Association with his or her name and current mailing

address. No Unit Owner may vote at meetings of the Association until this information is furnished. The mailing of a notice of a meeting in the manner provided in this Section shall be deemed service of notice. In lieu of mailing notice of a meeting in the manner provided in this Section, the Secretary may cause such notice to be personally delivered, provided, that the Secretary shall certify in writing that such notice was delivered to the person of the Unit Owner.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not represented, Unit Owners holding a majority of the votes present at such meeting, either in person or by proxy, may adjourn the meeting, without further notice, to a time not less than forty-eight (48) hours from the time the original meeting was called and at such subsequent meeting, the presence, in person or by proxy of Unit Owners holding fifteen percent (15%) of the votes of the Association shall constitute a quorum.

Section 7. Presiding Officer. Until the first meeting of the Association following the special meeting at which members of the Board shall be elected by all Unit Owners as provided in Section 1 of Article III of these Bylaws, any person designated by the Declarant shall preside at all meetings of the Association. Thereafter, the President or his or her designee shall preside at all meetings of the Association. In the absence of the President or such designee from any meeting of the Unit Owners, any person designated by the Board shall preside over such meeting.

* Section 8. Conduct of Meeting. The minutes of all meetings shall be held in a Minute Book maintained for the Association by the Secretary. The then current Robert's Rules of Order or any other rules of procedure acceptable to a majority of the votes of Unit Owners shall govern the conduct of all meetings of the Association when not in conflict with these Bylaws, the Declaration or the Act. All votes shall be tallied by a person or persons appointed by the presiding officer of the meeting.

Section 9. Inspectors of Election. One or more Inspector(s) of Election shall be appointed by the Board prior to the time of any meeting of the Unit Owners at which Directors shall be elected.

Section 10. Voting.

(a) Each Unit shall be entitled to one (1) vote at all meetings of the Association. Since a Unit Owner may be more than one person, the person who shall be entitled to cast the vote of such Unit shall be the natural person named in a certificate executed by all of the co-owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting (or the failure to name such a person), the person who shall be

entitled to cast the vote of such Unit shall be the co-owner who is present at such meeting, if only one such co-owner is present. If more than one co-owner is present and no certificate has been filed with the Secretary (or, if the person named in the certificate for such Unit is not present), the vote appertaining to such Unit shall be cast in accordance with the agreement of a majority in interest of the co-owners of such Unit who are present, and the consent of such co-owners shall be conclusively presumed if any one of them purports to cast the vote appertaining to such Unit without protest being made by another co-owner to the presiding officer of the meeting. If protest is made, such Unit shall be counted solely for the purpose of determining whether a quorum is present.

(b) No Unit Owner may vote at any meeting of the Association if a lien in favor of the Association pursuant to Section 9 of Article V of these Bylaws has been perfected against such Unit Owner's Unit, or action therefor has been instituted, and the amount necessary to release such lien has not been paid at the time of such meeting.

* Section 11. Proxies. The vote appertaining to any Unit may be cast pursuant to a proxy duly executed by or on behalf of the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No proxy shall be revocable except by actual notice of revocation given to the presiding officer of the meeting by the Unit Owner, or, in cases where the Unit Owner is more than one person, by or on behalf of the majority in interest of the co-owners. A proxy of a Unit Owner shall be void if it is not dated, if it purports to be revocable without notice, if the signatures of those executing the same have not been witnessed by a person who shall sign his or her full name and address, or if not signed by a person having authority to execute deeds on behalf of any Unit Owner or co-owner who is not a natural person. All proxies must be filed with the Secretary before the appointed time of the meeting for which they are given. Any proxy shall terminate automatically upon the adjournment of the first meeting of the Association held after the date thereof. In any event, except with respect to proxies in favor of an Eligible Mortgagee, no proxy shall be valid for a period in excess of one hundred eighty (180) days.

Section 12. Association Action. Except as otherwise required by the Act, the Declaration or these Bylaws, decisions of the Association shall be made by a majority of the votes of Unit Owners present, in person or by proxy, at a meeting of the Association at which a quorum is present.

Section 13. Majority of the Association. Except as otherwise provided by law, as used in these Bylaws, the term "majority of the votes of Unit Owners" or words of like import shall mean the vote of Unit Owners holding more than fifty percent (50%) of the votes of Unit Owners present, in person or by proxy, at a meeting of the Association at which a quorum is present.

Section 14. Quorum. Except as otherwise provided in these Bylaws or as required by law, the presence, in person or by proxy, of Unit Owners of twenty-five percent (25%) in number of the votes of the Association shall constitute a quorum at and throughout all meetings of the Association.

Section 15. Action Without Meeting. Any action by Unit Owners required or permitted to be taken at a meeting may be taken without a meeting if all of the Unit Owners shall consent in writing to such action. Any such unanimous written consent shall be filed with the minutes of the proceedings of the meetings of the Association.

ARTICLE III

Board of Directors

Section 1. Number; Declarant Control. (a) The affairs of the Condominium shall be governed by a Board of Directors. As set forth in this Section 1, the Declarant shall be entitled to designate a majority of the members of the Board until the earlier to occur of (i) thirty (30) days after the date of conveyance of Units to which seventy-five percent (75%) of the Percentage Interests of the Condominium appertain (determined, for purposes of this Section 1, in accordance with subsection (e) hereof) or (ii) ten (10) years from the date of the first conveyance of any Unit in the Condominium. The initial Board of Directors shall consist of three (3) persons, each of whom shall be appointed by the Declarant within fourteen (14) days after the incorporation of the Association. Thereafter, the Board of Directors shall be expanded to a maximum of five (5) members, in the manner and at the times set forth in subsections (b), (c), and (d) of this Section 1.

(b) A special meeting shall be held prior to the conveyance of Units to which twenty-five percent (25%) of the Percentage Interests in the Condominium appertain (determined in accordance with subsection (e) of this Section 1) or at such earlier time as may be determined by the Declarant in its sole discretion, at which special meeting the Unit Owners other than the Declarant shall elect one Director and

the Declarant shall appoint one additional Director; thereafter, the Board of Directors shall be composed of five (5) persons.

(c) A special meeting shall be held prior to the conveyance of Units to which fifty percent (50%) of the Percentage Interests in the Condominium appertain (determined in accordance with subsection (e) of this Section 1) or at such earlier time as may be determined by the Declarant in its sole discretion, at which special meeting the Director elected by the Unit Owners at the special meeting described in subparagraph (b) above shall resign and one of the Directors appointed by Declarant shall resign and the Unit Owners other than the Declarant shall elect two Directors.

(d) A special meeting shall be held on or before forty-five (45) days after the earlier to occur of (i) thirty (30) days after the date of conveyance of Units to which seventy-five percent (75%) of the Percentage Interests of the Condominium appertain (determined, for purposes of this Section 1, in accordance with subsection (e) hereof) or the date of expiration of ten (10) years from the date of the first conveyance to any purchaser of any Unit in the Condominium, at which special meeting all members of the Board shall resign and all five (5) members of the Board shall be elected by all Unit Owners, including the Declarant, to the extent the Declarant then owns any Units. All members of the Board elected at such special meeting shall serve until their successors shall have been elected at the next succeeding annual meeting.

(e) For purposes of this Section 1, and notwithstanding any other provision of these By-laws, the Declaration, or any other Condominium Document, the Percentage Interest pertaining to a Unit at any time shall be determined in the same manner as if all Additional Property and all Units which could then be added to the Condominium had in fact been added.

Section 2. Election. Directors elected by Unit Owners shall be elected by plurality vote. Each Unit shall be entitled to cast its vote for as many persons as there are Directors to be elected and for whose election the Unit Owners of such Unit shall be entitled to vote. Votes shall not be cumulated.

Section 3. Term of Office. At the first annual meeting of the Association following the special meeting at which all members of the Board shall be elected by Association as provided in Section 1(d) of this Article, the persons receiving the first, second and third highest number of votes shall be elected for a term of two (2) years and the persons receiving the fourth and fifth highest number of votes shall be elected for a term of one (1) year. All persons elected as members of the Board at any

subsequent annual meeting of the Association shall be elected for a term of two (2) years. All members of the Board shall hold office until their respective successors shall have been elected and shall have qualified. In the event of a tie for the third or fifth highest number of votes, the outcome shall be determined by lot, in the manner prescribed by the presiding officer.

Section 4. Qualifications. Except for those members of the Board appointed by Declarant, all members of the Board shall be Unit Owners, or partners, officers, directors, trustees, agents or employees of Unit Owners who are not natural persons. No Unit Owner may be elected to or may serve on the Board of Directors if a lien has been perfected, or action therefor has been instituted against such Unit Owner's Unit, and the amount necessary to release such lien has not been paid at the time of such election or during such incumbency.

Section 5. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all acts and things as are by the Act, the Declaration or these Bylaws directed to be done by the Association. In addition to the duties imposed on the Board by these Bylaws or by any resolution of the Association, the Board shall have the power to, and shall be responsible for, the following:

(a) Adopting an annual budget, in which there shall be established the required contribution of each Unit Owner to the Common Condominium Expenses.

(b) Levying assessments against Unit Owners to defray the Common Condominium Expenses, establishing the means and methods of collecting such assessments from the Association, and establishing the period of the installment payment of such assessments.

(c) Providing for the operation, care, upkeep, replacement and maintenance of all of the Common Elements. The Board expressly is authorized to enter into cooperative, cost sharing agreements with the owners of adjacent property and/or other neighboring condominiums, if in the judgment of the Board such arrangements will reduce Condominium costs without adversely affecting the scope, level and quality of services necessary for the proper care, upkeep and operation of the Condominium.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Condominium, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel

in the performance of their duties, which equipment, supplies and materials shall be the property of the Condominium.

(e) Collecting from Unit Owners assessments against Units and depositing the proceeds thereof in a bank depository(ies) which it shall approve.

(f) Making and amending Rules and Regulations respecting the use and enjoyment of the Condominium in accordance with the provisions of these Bylaws.

(g) Opening bank accounts on behalf of the Condominium and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions and improvements to, or alterations or restorations of the Condominium in accordance with the provisions of these Bylaws, the Declaration and the Act.

(i) Enforcing by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations, and bringing or defending against any proceedings which may be instituted on behalf of or against the Association.

(j) Obtaining and carrying insurance as provided in these Bylaws, paying the premium cost thereof and adjusting and settling claims thereunder.

(k) Paying the cost of all services rendered to the Condominium and not billed to Unit Owners of individual Units.

(l) Keeping books and accounts in accordance with the provisions of these Bylaws.

(m) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements; provided, however, that at no time shall there be borrowed or owed in excess of Ten Thousand Dollars (\$10,000) without the prior consent of at least sixty-seven percent (67%) of the votes of Unit Owners obtained at a meeting duly called and held for such purpose. The dollar limitations set forth above shall increase automatically each fiscal year, beginning in 1991, in proportion to increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (United States) (1982-84=100) and published in the "Monthly Labor Review" of the Labor Statistics of the United States Department of Labor or any successor index thereto.

(n) Exercising such rights as the Association may have as a member of any recreation or other association.

(o) In its sole discretion, from time to time to designate certain Common Elements as Reserved General Common Elements and impose such restrictions and conditions on the use thereof as the Board deems appropriate.

(p) Purchasing on behalf of all Unit Owners any Unit whose Unit Owner has elected to sell or lease such Unit or any Unit which is to be sold at a foreclosure or other judicial sale; provided, however, that the Board may not take any such action without the prior consent of a least sixty-seven percent (67%) of the votes of Unit Owners obtained at a meeting duly called and held for such purpose.

Section 6. Nominating Committee. At least thirty (30) days prior to the special meetings described in Sections 1(b), (c) and (d) of this Article III and at least thirty (30) days prior to any annual meeting, the Board shall appoint a Nominating Committee, consisting of three (3) to five (5) Unit Owners, the chairman of which committee shall be a member of the Board. The Nominating Committee shall prepare a slate of candidates for the open positions on the Board and shall submit this slate to all Unit Owners with the notices for the above-referenced meeting.

Section 7. Managing Agent. The Board may employ for the Condominium a Managing Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the Managing Agent all of the powers granted to the Board by these Bylaws other than the powers set forth in paragraphs (a), (b), (f), (g), (i), (m), (n), (o) and (p) of Section 5 of this Article. The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the Managing Agent which might arise between meetings of the Board. If the Board elects to engage a Managing Agent, then the Association and the Board shall not undertake "self-management" or fail to employ a professional Managing Agent thereafter without the consent of the Unit Owners holding at least sixty-seven percent (67%) of the votes of the Association and at least fifty-one percent (51%) of the Eligible Mortgagees. The Declarant, or an affiliate of the Declarant, may be employed as Managing Agent.

Section 8. Removal of Members of the Board. The Declarant shall have the right, at any time and in its sole discretion, to remove any Director appointed to the Board by Declarant under Section 1 of this Article III, and to select and designate his or her successors. Any member of the Board elected by the Unit Owners may be removed, with or without cause, by a majority of the votes of the Unit Owners at any regular meeting or any special meeting duly called and held for such purpose, and a successor may then and there be elected to fill the vacancy thus created for the remainder of the term of the member so removed. Any Director whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof, and shall be given an opportunity to be heard at the meeting.

Section 9. Resignations of Members of the Board. A member of the Board may resign at any time. Any Director who is a Unit Owner shall be deemed to have resigned upon divestiture of title in fee or by lease for a term or terms of six (6) months or

more of the Unit owned by such Director (or such Director's corporation, partnership, trust, principal or employer, if the Unit Owner is not a natural person), unless such Director (or such Director's corporation, partnership, trust, principal or employer) acquires or contracts to acquire another Unit under terms providing for a right of occupancy effective as of or before the termination of the right of occupancy pursuant to such divestiture. A director shall also be deemed to have resigned if not in attendance at three (3) consecutive regular meetings of the Board, unless the minutes reflect the consent of a majority of the Board to such absence.

Section 10. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association or by action of the Declarant (which shall be filled as provided in Section 8 of this Article) shall be filled by the sole remaining Director or by a vote of a majority of the remaining Directors (whether or not such remaining Directors constitute a quorum) at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, and each person so appointed shall be a member of the Board for the remainder of the original term of office to which such person shall be appointed; provided, however, that until the special meeting of the Association at which all of the members of the Board shall be elected by all Association as provided in Section 1 of this Article, a vacancy in the position of any Director designated by the Declarant shall be filled by the Declarant.

Section 11. Organization Meeting. A special organization meeting of the Board shall be held within ten (10) days after each annual meeting of the Association. No notice shall be necessary to the members of the Board in order legally to constitute such special meeting, provided a quorum shall be present thereat.

Section 12. Regular Meetings. Regular meetings of the Board shall be held at least twice between annual meetings of the Association, at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings of the Board shall be given to each Director, by mail, telex or telegraph, telephone or personally at least ten (10) business days prior to the date named for such meeting.

Section 13. Special Meetings. Special meetings of the Board may be called by the President on three (3) business days' notice to each Director, given by mail, telex or telegraph, telephone or personally, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 14. Telephone Meetings. To the extent permitted by law, members of the Board may participate in any meeting of the Board by means of a conference telephone or similar communication equipment if all persons participating in such meeting can hear each other at the same time. Such participation shall constitute presence in person at any such meeting.

Section 15. Waiver of Notice. Any Director at any time in writing may waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by such Director of the time and place of such meeting, unless such attendance is for the purpose of objecting to such meeting. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 16. Quorum; Voting of Board. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present or a sole present Director may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 17. Compensation. No Director shall receive any compensation for acting as a Director.

Section 18. Conduct of Meetings. All resolutions adopted by the Board and all transactions and proceedings occurring at all meetings of the Board shall be held in a Minute Book maintained for the Board by the Secretary. The then current Robert's Rules of Order or any other rules of procedure at any time or from time to time acceptable to a majority of the Board shall govern the conduct of the meetings of the Board when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 19. Action Without Meeting. Any action by the Board required or permitted to be taken at a meeting may be taken without a meeting if all of the members of the Board shall consent in writing to such action. Any such unanimous written consent shall be filed with the minutes of the proceedings of the Board.

Section 20. Liability of the Board, Officers, Unit Owners and Association.

(a) Certain Definitions. All capitalized terms used in this Section 20 and not otherwise hereinafter defined in this Section 20 shall have the meaning set forth in Section 181.041 of the Statute. The following capitalized terms (including any plural form thereof) used in this Section 20 shall be defined as follows:

(i) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, the Association.

(ii) "Authority" shall mean the entity selected by the Director or Officer to determine his or her right to indemnification pursuant to subsection (d) hereof.

(iii) "Board" shall mean the entire then elected and serving board of directors of the Association, including all members thereof who are Parties to the subject Proceeding or any related Proceeding.

(iv) "Breach of Duty" shall mean the Director or Officer breached or failed to perform his or her duties to the Association and his or her breach of or failure to perform those duties is determined in accordance with subsection (d) to constitute misconduct under Sections 181.042(2)(a) 1, 2, 3 or 4 of the Statute.

(v) "Association" as used herein and incorporated into the definitions of certain other capitalized terms used herein, shall refer to the "corporation" as such term is defined in the Statute and shall mean this Association.

(vi) "Director or Officer" shall have the meaning set forth in the Statute and also shall include any natural person who is or was serving at the Association's request as a member of any governing or decision-making committee; provided, that, for purposes of this Section 20, it shall be conclusively presumed that any Director or Officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the Association and any natural person serving as a member of any governing or decision-making committee shall be so serving at the request of the Association.

(vii) "Disinterested Quorum" shall mean a quorum of the Board who are not Parties to the subject Proceeding or any related Proceeding.

(viii) "Proceeding" shall have the meaning set forth in the Statute; provided, that, for purposes of this Section 20, the term "Proceeding" shall also include all Proceedings (A) brought before an Authority or otherwise to enforce rights hereunder; (B) any appeal from a Proceeding; (C) any Proceeding in which the Director or Officer is a plaintiff or petitioner because he or she is a Director or Officer; provided, however, that such Proceeding is authorized by a majority vote of a Disinterested Quorum.

(ix) "Statute" shall mean Sections 181.041 through 181.053, inclusive, of the Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, as the same shall then be in effect, including any amendments thereto, but, in the case of any such amendment, only to the extent such amendment, permits or requires the Association to provide broader indemnification rights than the Statute permitted or required the Association to provide prior to such amendment.

(b) Mandatory Indemnification. To the fullest extent permitted or required by the Statute, the Association shall indemnify a Director or Officer against all Liabilities incurred by or on behalf of such Director or Officer in connection with a Proceeding in which the Director or Officer is a Party because he or she is a Director or Officer.

(c) Procedural Requirements.

(i) A Director or Officer who seeks indemnification under subsection (b) shall make a written request therefore to the Association. Subject to subsection (c)(ii), within sixty (60) days of the Association's receipt of such request, the Association shall pay or reimburse the Director or Officer for the entire amount of Liabilities incurred by the Director or Officer in connection with the subject Proceeding (net of any Expenses previously advanced pursuant to subsection (e)).

(ii) No indemnification shall be required to be paid by the Association pursuant to subsection (b) if, within such sixty (60) day period, (A) a Disinterested Quorum, by a majority vote thereof, determines that the Director or Officer requesting indemnification engaged in misconduct constituting a Breach of Duty; or (B) a Disinterested Quorum cannot be obtained.

(iii) In either case of nonpayment pursuant to subsection (c)(ii), the Board shall immediately authorize by resolution that an Authority, as provided in subsection (d), determine whether the Director's or Officer's conduct constituted a Breach of Duty and, therefore, whether indemnification should be deemed hereunder.

(iv) (A) If the Board does not authorize an Authority to determine the Director's or Officer's right to indemnification hereunder within such sixty (60) day period and/or (B) if indemnification of the requested amount of Liabilities is paid by the Association, then it shall be conclusively presumed that for all purposes that a Disinterested Quorum has determined that the Director or Officer did not engage in misconduct constituting a Breach of Duty and, in the case of subsection (c)(iii)(A) above, indemnification by the Association of the requested amount of Liabilities shall be paid to the Director or Officer immediately if not previously paid.

(d) Determination of Indemnification.

(i) If the Board authorizes an Authority to determine a Director's or Officer's right to indemnification pursuant to subsection (c), then the Director or Officer requesting indemnification shall have the absolute discretionary authority to select one of the following as such Authority:

(A) An independent legal counsel; provided, that such counsel shall be mutually selected by such Director or Officer and by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board;

(B) A panel of three arbitrators selected from the panels of arbitrators of the American Arbitration Association in Milwaukee, Wisconsin provided, that (1) one arbitrator shall be selected by such Director or Officer, the second arbitrator shall be selected by a majority vote of a Disinterested Quorum, or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board, and the third arbitrator shall be selected by the two previously selected arbitrators; and (2) in all other respects, such panel shall be governed by the American Arbitration Association's then existing Commercial Arbitration Rules; or

(C) A court pursuant to and in accordance with Section 181.049 of the Statute.

(ii) In any such determination by the selected Authority there shall exist a rebuttable presumption that the Director's or Officer's conduct did not constitute a Breach of Duty and that indemnification against the requested amount of Liabilities is required. The burden of rebutting such a presumption by clear and convincing evidence shall be on the Association or such other party asserting that such indemnification should not be allowed.

(iii) The Authority shall make its determination within sixty (60) days of being selected and shall submit a written opinion of its conclusion simultaneously to both the Association and the Director or Officer.

(iv) If the Authority determines that indemnification is required hereunder, the Association shall pay the entire requested amount of Liabilities (net of any Expenses previously advanced pursuant to subsection (e)), including interest thereon at a reasonable rate, as determined by the Authority, within ten (10) days of receipt of the Authority's opinion; provided, that, if it is determined by the Authority that a Director or Officer is entitled to indemnification as to some claims, issues or matters, but not as to other claims, issues or matters, involved in the subject Proceeding, the Association shall be required to pay (as set forth above) only the amount of such requested Liabilities as the Authority shall deem appropriate in light of all of the circumstances of such Proceeding.

(v) The determination by the Authority that indemnification is required hereunder shall be binding upon the Association regardless of any prior determination that the Director or Officer engaged in a Breach of Duty.

(vi) All Expenses incurred in the determination process under this subsection (d) by either the Association or the Director or Officer, including, without limitation, all Expenses of the selected Authority, shall be paid by the Association.

(e) Mandatory Allowance of Expenses.

(i) The Association shall pay or reimburse, within ten (10) days after the receipt of the Director's or Officer's written request therefor, the reasonable Expenses of the Director or Officer as such Expenses are incurred, provided the following conditions are satisfied:

(A) The Director or Officer furnishes to the Association an executed written certificate affirming his or her good faith belief that he or she has not engaged in misconduct which constitutes a Breach of Duty; and

(B) The Director or Officer furnishes to the Association an unsecured executed written agreement to repay any advances made under this subsection (e) if it is ultimately determined by an Authority that he or she is not entitled to be indemnified by the corporation for such Expenses pursuant to this subsection (e).

(ii) If the Director or Officer must repay any previously advanced Expenses pursuant to this subsection (e), such Director or Officer shall not be required to pay interest on such amounts.

(f) Indemnification and Allowance of Expenses of Certain Others.

(i) The Association shall indemnify a Director or Officer of an Affiliate (who is not otherwise serving as a Director or Officer) against all Liabilities and shall advance the reasonable Expenses, incurred by such director or officer in a Proceeding to the same extent hereunder as if such director or officer incurred such Liabilities because he or she was a Director or Officer, if such director or officer is a Party thereto because he or she is or was a director or officer of the Affiliate.

(ii) The Board may, in its sole and absolute discretion as it deems appropriate, pursuant to a majority vote thereof, indemnify against Liabilities incurred by, and/or provide for the allowance of reasonable Expenses of, an employee or authorized agent of the Association acting within the scope of his or her duties as such and who is not otherwise a Director or Officer.

(g) Insurance. The Association may purchase and maintain insurance on behalf of a Director or Officer or any individual who is or was an employee or authorized agent of the Association against any Liability asserted against or incurred by such individual in his or her capacity as such or arising from his or her status as such, regardless of whether the Association is required or permitted to indemnify against any such Liability under this Section 20.

(h) Notice to the Association. A Director or Officer shall promptly notify the Association in writing when he or she has actual knowledge of a Proceeding which may result in a claim of indemnification against Liabilities or allowance of Expenses hereunder, but the failure to do so shall not relieve the Association of any liability to the Director or Officer hereunder unless the Association shall have been irreparably prejudiced by such failure (as determined by an Authority selected by the Director or Officer).

(i) Severability. If any provision of this Section 20 shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Section 20 contravene public policy, this Section 20 shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such provisions which are invalid or inoperative or which contravene public policy shall be deemed, without further action or deed by or on behalf of the Association, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable.

(j) Nonexclusivity of Section. The rights of a Director or Officer (or any other person) granted under this Section 20 shall not be deemed exclusive of any other rights to indemnification against Liabilities or advancement of Expenses which the Director or Officer (or such other person) may be entitled to under any written agreement, Board resolution, vote of Association of the Association or otherwise, including, without limitation, under the Statute. Nothing contained in this Section 20 shall be deemed to limit the Association's obligations to indemnify a Director or Officer under the Statute.

(k) Contractual Nature of Section 20; Repeal or Limitation of Rights. This Section 20 shall be deemed to be a contract between the Association and each Director and Officer and any repeal or other limitation of this Section 20 or any repeal or limitation of the Statute or any other applicable law shall not limit any rights of indemnification against Liabilities or allowance of Expenses then existing or arising out of events, acts or omissions occurring prior to such repeal or limitation, including, without limitation, the right to indemnification against Liabilities or allowance of Expenses for Proceedings commenced after such repeal or limitation to enforce this Section 20 with regard to acts, omissions or events arising prior to such repeal or limitation.

Section 21. Common or Interested Directors. Each member of the Board shall exercise his or her powers and duties in good faith and in the best interests of the Condominium.

No contract or other transaction between the Association and any of its officers or directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the officers or directors of the Association are directors or officers or are pecuniarily or otherwise interested, is or shall be either void or voidable because of such relationship or interest or because any such officer or director is present at the meeting of the Board or any committee thereof which authorizes, approves or ratifies such contract or transaction, or because his or her or their vote(s) is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

(a) The material facts of such relationship or interest are disclosed or known to the Board or committee which authorizes, approves or ratifies such contract or transaction in good faith and by a vote sufficient for the purpose, without counting the vote(s) of such interested officers or directors; or

(b) The material facts of such relationship or interest are disclosed or known to Association holding at least a majority of all of the votes in the Association and such Association authorize, approve or ratify such contract or transaction in good faith and by a vote sufficient for the purpose; or

(c) Such contract or transaction was fair and commercially reasonable to the Association in view of all the facts known to any officer or member of the Board of Directors at the time it was authorized, ratified, approved or executed.

Any common or interested officer or director may be counted in determining the presence of a quorum at any meeting of the Board or committee thereof which authorizes, ratifies or approves any contract or transaction. Arrangements between the Association and the Declarant or the initial Managing Agent shall be deemed to satisfy the requirements of this Section.

Section 22. Committees. The Board from time to time may appoint (and expand and/or disband) such committees from among its own membership and/or from among the Association as the Board from time to time deems desirable to assist in the administration or operation or affairs of the Condominium.

Section 23. Law Suits. The Board shall not commence a law suit (other than to collect assessments, or enforce the terms and conditions of the Condominium Documents) until such action shall have been approved by Unit Owners owning

Units to which at least seventy-five percent (75%) of the votes in the Association appertain.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Condominium shall be a President, a Vice President, a Secretary and a Treasurer. The Board may appoint an assistant treasurer, an assistant secretary and/or such other officers as in its judgment may be necessary or desirable. All offices shall have the duties normally incident to their respective offices in a Wisconsin business corporation and such other additional duties as from time to time shall be assigned by the Board included, but not limited to, the following:

(a) President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Board; have general and active management of the business of the Association subject to the control of the Board; see that all orders and resolutions of the Board are carried into effect; sign all leases, mortgages, deeds and other written instruments and co-sign all checks if required to do so by resolution of the Board; and appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

(b) Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board or by the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to Association and Eligible Mortgagees hereunder shall be delivered; shall arrange for the counting of votes taken at any meeting; and, in general, perform all the duties incident to the office of secretary.

(d) Treasurer. The Treasurer shall (together with the Managing Agent) be responsible for Association funds and securities; keep full and accurate financial records and books

of account showing all receipts and disbursements; prepare all required financial data, including the annual budgets; deposit all monies and other valuable effects in the name of the Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board; sign all checks of the Association and, in general, perform all the duties incident to the office of treasurer.

Section 2. Qualifications. All officers shall be Unit Owners, or partners, officers, directors, trustees, agents or employees of Unit Owners who are not natural persons. The President and Secretary shall be members of the Board. Any officers other than the President and the Secretary may be, but shall not be required to be, members of the Board. The foregoing restrictions shall not apply to officers selected by Directors designated by the Declarant prior to the special meeting of the Association at which members of the Board shall be elected by all Unit Owners as provided in Section 1 of Article III of these Bylaws.

Section 3. Election. The Officers of the Condominium shall be elected annually by the Board at the organization meeting following each annual meeting of the Association, and shall hold office at the pleasure of the Board.

Section 4. Removal or Resignation of Officers. Any officer may be removed, either with or without cause, upon the affirmative vote of a majority of the members of the Board. Any officer may resign at any time. Any officer shall be deemed to have resigned upon divestiture of title in fee or by lease for a term or terms of six (6) months or more of the Unit owned by such officer (or such officer's corporation, partnership, trust, principal or employer, if the Unit Owner is not a natural person), unless such officer (or such officer's corporation, partnership, trust, principal or employer) acquires or contracts to acquire another Unit under terms providing for a right of occupancy effective as of or before the termination of the right of occupancy pursuant to such divestiture or such officer is not required to be a Unit Owner. Any vacancy in an office shall be filled by the Board at a regular meeting or at a special meeting called for such purpose.

Section 5. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium or the Association for expenditures or obligations in excess of Five Thousand Dollars (\$5,000.00) shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board. All such instruments for expenditures or obligations of Five Thousand Dollars (\$5,000.00) or less may be

executed by any one officer of the Condominium or by such other person as may be designated by the Board.

Section 6. Compensation of Officers. No officer shall receive any compensation for acting as an officer.

ARTICLE V

Assessments

Section 1. Fiscal Year. The fiscal year of the Condominium shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of such year unless otherwise determined by the Board.

Section 2. Adoption of Budget. The Declarant shall determine the budget for the first fiscal year of the Condominium. Each year thereafter, at least thirty (30) days before the beginning of the new fiscal year, the Board shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of the Common Condominium Expenses (net of all common profits) for the ensuing fiscal year (including without limitation such reasonable amounts as the Board shall deem sufficient to provide working capital for the Association, a general operating reserve, and reserves for repair and replacement of Common Elements and reserves for contingencies). Before the first day of each fiscal year, the Board shall send to each Unit Owner a copy of such budget and a statement setting forth the obligation of each Unit Owner pursuant to the provisions of this Article to pay his or her allocable share of the Common Condominium Expenses based upon such budget.

Section 3. Effect of Failure to Adopt Budget. The failure or delay of the Board to adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Condominium Expenses as provided in this Article. In the absence of any annual budget, each Unit Owner shall continue to pay the monthly charge at the rate established for the previous fiscal year until the monthly installment which is due more than ten (10) days after a new annual budget shall have been adopted and notice of new assessments have been given to Unit Owners.

Section 4. Assessment of Common Condominium Expenses. The total amount of the estimated Common Condominium Expenses (including reserves) as set forth in the budget or budgets of the Condominium for any fiscal year shall be assessed uniformly against each Unit in the Condominium, except that the

liability of the Declarant for Common Condominium Expenses shall be as stated in Article VI of the Declaration. The assessment made against each Unit for each fiscal year shall set forth separately such Unit's share of the amount of the total assessment allocated to normal and recurring expenses of administration, management, operation, water service and repair, and the amount of the total assessment allocated to each category of reserves included in the budget. The amounts set forth in the budget which are designated as costs, expenses or reserves in connection with Reserved General Common Elements shall be assessed against the Unit Owners owning Units to which such Reserve General Common Elements appertain and any reserves therefor shall be allocated to a separate reserve which shall be established for the specific Reserve General Common Element. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Board or the Managing Agent (as determined by the Board) one-twelfth (1/12th) of the assessment for Common Condominium Expenses for such fiscal year. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the Common Condominium Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such fiscal year. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, in the discretion of the Board, either (i) be credited, in proportion to each Unit Owner's payment with respect to such Common Condominium Expenses, to the next monthly installments due from Unit Owners, or (ii) refunded among Unit Owners who paid assessments in proportion to their payments, or (iii) added to reserves until exhausted. Any net shortage shall be assessed against Unit Owners then of record in proportion to each Unit Owner's obligation to pay Common Condominium Expenses and shall be payable, in the discretion of the Board, either (i) in full, with payment of the next due monthly installment, or (ii) in not more than twelve (12) equal monthly installments, beginning with the next due monthly installment.

Section 5. Reserves. The Board shall build up and maintain adequate reserves for working capital and for repairs to and replacements of the Common Elements, including a separate reserve for repairs and replacements to each Reserve General Common Element, and may establish reserves for general operations, contingencies or other matters. All reserves shall be kept in a separate bank account(s), segregated from general operating funds, and, if the Board shall deem it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference

to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from damage to, or deterioration of, the Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association.

Section 6. Special Assessments. If reserves established and maintained in accordance with this Article shall be inadequate for any reason, including the non-payment of any Unit Owner's assessment, then the Board may at any time or from time to time assess a special assessment in order to defray, in whole or in part, extraordinary expenditures, including without limitation, any shortage or loss incurred or suffered in a fiscal year, or the cost of any construction, reconstruction or replacement of the Common Elements. Such special assessments shall be levied against all Unit Owners equally (except that Declarant's liability therefor shall be as stated in Article VI of the Declaration) unless such special assessments are levied in connection with Limited Common Elements or Reserve General Common Elements. If such special assessments are levied in connection with Limited Common Elements or Reserve General Common Elements, then such special assessments shall be levied against such Unit Owner or Unit Owners owning Units to which such Limited Common Elements and/or Reserve General Common Elements appertain on an equal basis (except as aforesaid with respect to the Declarant).

Said special assessments may be payable, as the Board may determine, in lump sum or in installments. The Board shall serve notice of any such special assessments on all assessed Unit Owners by a statement in writing giving the amount of and reasons for such special assessment, which special assessment shall, unless otherwise specified in the notice, become payable with the next due monthly installment which is due more than ten (10) days after the giving of such notice. All assessed Unit Owners shall be obligated to pay the adjusted monthly amount or, if the special assessment is not payable in installments, the amount of such assessment.

Section 7. Working Capital Fund. There shall be established an initial working capital fund through the payment made by each Unit Owner, upon the purchase of his or her Condominium Unit from the Declarant, of an amount equal to twice the monthly installments for Common Condominium Expenses for such Unit under the budget then in effect. At such time as the Unit Owners have the power to elect a majority of the members of the Board, the Declarant shall pay to the Association for each Unit then owned by the Declarant, such Unit's share of the working capital fund.

The Declarant shall reimburse itself for these payments from the funds collected at the closings on said Units. The Declarant shall deliver such funds so collected to the Board to provide working capital for the Association. Except as otherwise set forth herein, neither the Declarant, any Eligible 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 from time to time shall determine, provided said purpose is then permitted under the regulations of the Federal National Mortgage Association.

Section 8. Obligation to Pay Common Condominium Expenses. Each Unit Owner shall be obligated to pay the Common Condominium Expenses, including those Common Condominium Expenses associated with Limited Common Elements and Reserve General Common Elements assessed against each Unit Owner, assessed by the Board pursuant to these Bylaws. No Unit Owner may be exempt from liability to contribute toward payment of the Common Condominium 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 Condominium 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. Subject expressly to and except as otherwise provided in Section 10 of this Article, the purchaser of a Unit or other successor Unit Owner shall be liable jointly and 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 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 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 ten (10) business days from receipt of such request shall extinguish the lien for unpaid assessments. Payment of a fee of Twenty-five Dollars (\$25.00) or, if greater, the maximum amount allowable under the Act shall be required as a prerequisite to the issuance of such a statement. Notwithstanding anything hereinbefore contained to the contrary, however, the liability of the Declarant for Common Condominium Expenses shall be as stated in Article VI of the Declaration.

Section 9. Lien for Assessments. The total annual assessment against each Unit Owner for Common Condominium Expenses and any special assessment levied pursuant to these Bylaws, 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 703.16 of the Act, as amended or renumbered from time to time, and as provided by law.

Section 10. Subordination and Mortgagee Protection. Notwithstanding any other provision of the Declaration or these Bylaws 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 prior to the date such assessment became 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 such 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 Condominium 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 Condominium Expenses.

Section 11. Collection of Assessments. The Board, or the Managing Agent at the request of the Board, shall take prompt action to collect any assessments for Common Condominium Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

Section 12. Late Payment Penalty. In the event of a default by any Unit Owner in paying any Common Condominium Expenses or any other sum assessed against the Unit Owner which default continues for a period in excess of ten (10) days, such Unit Owner shall be obligated to pay a late payment

penalty in the amount of Ten Dollars (\$10.00), or such amount as from time to time shall be determined by the Board, and interest on the amount of such assessment from the due date thereof at the lesser of eighteen percent (18%) per annum or the highest interest rate permitted by law.

Section 13. Default in Payment of Common Condominium Expenses. In addition to the Late Payment Penalty set forth in Section 12 above, the Board shall have the right and duty to attempt to recover such Common Condominium Expenses, including unpaid special assessments, 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 shall also have the right to prohibit such Unit Owner from voting at a meeting of the Association or serving on the Board if the 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.

Section 14. Foreclosure of Liens for Unpaid Common Condominium Expenses.

The Association or the Board, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same after such purchase. A suit to recover a money judgment for unpaid Common Condominium Expenses shall be maintainable without foreclosing or waiving the lien securing the same.

Section 15. Accounts. Except as otherwise provided in this Article, all sums collected by the Board with respect to assessments against the Unit Owners may be commingled into a single fund, but shall be held for each Unit Owner in accordance with such Unit Owner's allocable share of the Common Condominium Expenses.

Section 16. Books and Accounts. Books and accounts of the Condominium shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices. Such books and accounts shall detail, in chronological order, the receipts and expenditures of administration and operation of the Condominium, and shall specify the maintenance, repair and service expenses and any other expenses incurred. The amount of any special assessment required for

C.F.A.
8/25/08

**IN ACCORDANCE WITH THE BROOKFIELD LAKE CONDOMINIUM
HOMEOWNERS ASSOCIATION BY-LAW CONCERNING LATE PAYMENT
PENALTY**

THE ASSOCIATION HEREBY RESOLVES AS FOLLOWS:

**ARTICLE V, ASSESSMENTS, SECTION 12, LATE PAYMENT PENALTY
WHICH READS AS FOLLOWS:**

In the event of a default by any Unit Owner in paying any Common Condominium Expenses or any other sum assessed against the Unit Owner which default continues for a period in excess of ten (10) days, such Unit Owner shall be obligated to pay a late payment penalty in the amount of Ten Dollars (\$10.00), or such amount as from time to time shall be determined by the Board, and interest on the amount of such assessment from the due date thereof at the lesser of eighteen percent (18%) per annum or the highest interest rate permitted by law.

Is amended to read as follows:

In the event of a default by any Unit Owner in paying any Common Condominium Expenses or any other sum assessed against the Unit Owner which default continues for a period in excess of ten (10) days, such Unit Owner shall be obligated to pay a late payment penalty in the amount of Twenty Five Dollars (\$25.00), or such amount as from time to time shall be determined by the Board, and interest in the amount of such assessment from the due date thereof at the lesser of eighteen percent (18%) per annum or the highest interest rate permitted by law.

This amendment shall take effect October 1, 2008

payment of any capital improvement of the Condominium shall be credited upon the books of the Condominium to the "Paid-in Surplus" account as a capital contribution.

Section 17. Inspection of Books. The books and accounts of the Condominium shall be available for examination by the Unit Owners and contract purchasers, and/or their duly authorized agents or attorneys, and to the holder of any Eligible Mortgage, and/or its duly authorized agents or attorneys, during normal business hours set and announced for general knowledge.

Section 18. Statement of Common Condominium Expenses. The Board shall promptly provide to any Unit Owner, contract purchaser or Mortgagee so requesting the same in writing a written statement in recordable form of all unpaid assessments due from such Unit Owner. A fee of Twenty-five Dollars (\$25.00) or, if greater, the maximum amount allowed by law may be charged by the Board for such statement to defray the cost of rendering the same.

Section 19. Utilities. The cost of utilities serving the Condominium not individually metered to a Unit shall be Common Condominium Expenses allocated pursuant to Section 4 of this Article V.

Section 20. Audit. The Board may in its discretion from time to time order an independent audit of all books and records. The cost of such audit shall be a Common Condominium Expense.

ARTICLE VI

Repair, Improvement and Use

Section 1. Maintenance and Repair.

(a) By the Association. Except as otherwise provided in this Section or by the provisions of these Bylaws, the Declaration or the Act, the Association shall be responsible for the maintenance, repair and replacement of the Common Elements, including the Limited Common Elements and Reserve General Common Elements, whether located inside or outside of Units, the cost of which shall be a Common Condominium Expense.

(b) By the Unit Owner.

(1) Each Unit Owner shall be responsible at his or her own expense for the maintenance, repair and replacement of his or her Unit and all parts thereof necessary to maintain the good appearance and clean and sanitary

condition of such Unit Owner's Unit, including, without limitation, interior walls included as part of a Unit, interior ceilings and floors, and the finished interior surfaces of all perimeter walls, ceilings and floors, kitchen and bathroom fixtures and appliances, lighting, heating and air-conditioning components included as a part of the Unit, and the exposed surfaces (but not structural components) of Limited Common Elements. Each Unit Owner shall do all redecorating, painting and varnishing which may at any time be necessary to maintain such good appearance and condition and shall be responsible for replacing light bulbs located within Limited Common Elements and for replacing all broken windows, broken glass panes or damaged screens within said Unit Owner's Unit or Limited Common Elements. Each Unit Owner promptly shall report to the Board or the Managing Agent any defect or need for repairs for which the Association, its successors and assigns, is responsible.

(2) Each Unit Owner shall perform normal maintenance to any Limited Common Element balcony, deck, porch or stoop appurtenant to such Unit Owner's Unit and shall keep such Limited Common Element in a clean, safe and sanitary condition, free and clear of snow, ice and any accumulation of water and debris.

(3) Each Unit Owner shall be responsible for all damage to any and all other Units or to the Common Elements resulting from such Unit Owner's failure to maintain or make any of the repairs required to be made pursuant to this Section. Each Unit Owner also shall be responsible for any cost and expense charged to such Unit Owner under Section 6.1 of the Declaration, and the expense of any maintenance, repair and/or replacement of any of the Common Elements, including the Limited Common Elements and the Reserve General Common Elements, if in the opinion of not less than a majority of the members of the Board such expense was necessitated by the negligence, misuse or neglect of any Unit Owner(s), or of any member(s) of such Unit Owner's household or family, or of any employee(s), agent(s), licensee(s) or invitee(s) of such Unit Owner(s). All structural repairs or replacements of any and all Common Elements, including the Limited Common Elements and the Reserve General Common Elements, made pursuant to this paragraph shall be made by the Association, but the cost thereof shall be borne by the party(ies) responsible therefor as herein provided.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality.

(d) Chart of Maintenance Responsibilities. Notwithstanding, the general provisions for maintenance set forth in subsections (a) and (b), specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as EXHIBIT A hereto.

Section 2. Right of Access. By acceptance of a deed of conveyance, each Unit Owner thereby grants a right of access to his or her Unit, including without limitation the right of access provided by Section 703.32 of the Act, to the Board or the Managing Agent, their respective agents and employees, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in a Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical services or the Common Elements in a Unit or elsewhere in the Condominium, or to correct any condition which violates the provisions of the Declaration, these Bylaws, the Rules and Regulations or any Eligible Mortgage, provided, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. Notwithstanding the foregoing, in case of an emergency, such right of entry shall be immediate and without notice, whether the Unit Owner is present at the time or not. Any exercise of the rights herein conferred to the extent practicable shall be in a manner so as not to interfere unreasonably with the use of a Unit.

Section 3. Additions, Alterations or Improvements.

(a) By the Association. Whenever the Common Elements shall require any addition, alteration or improvement costing in excess of Ten Thousand Dollars (\$10,000.00) and the making of such addition, alteration or improvement shall have been approved by the Association, the Board shall proceed with such addition, alteration or improvement and shall assess all Unit Owners for the cost thereof as a Common Condominium Expense. Emergency repairs, however, necessary to prevent or correct conditions involving manifest danger to life or property, or for the preservation and safety of the Condominium, or for the safety of the Unit Owners, or required to avoid the suspension of any necessary service to the Condominium, may be made by the Board on behalf of the Association without approval of the Unit Owners, regardless of the cost limitations imposed by this Section. Any addition, alteration or improvement costing Ten Thousand Dollars

(\$10,000.00) or less may be made by the Board on behalf of the Association without approval of the Association and the cost thereof shall constitute a Common Condominium Expense. Notwithstanding the foregoing provisions of this Section, if in the opinion of not less than a majority of the members of the Board, any addition, alteration or improvement is or shall be exclusively or substantially for the benefit of any Unit Owner or Unit Owners requesting the same, such requesting Unit Owner(s) shall be assessed therefor in such proportion as they jointly shall approve, or, if they are unable to agree thereon, in such proportions as may be determined by the Board.

(b) By the Unit Owners. No Unit Owner shall make any addition, alteration or improvement in or to his or her Unit which will or may impair the structural integrity or mechanical, electrical or plumbing systems of any of the Buildings or of the Condominium, and interior partitions contributing to the support of any Unit or any Building shall not be altered or removed. No Unit Owner shall make any addition, alteration or improvement, or shall change the appearance of the Common Elements or the exterior appearance of any Unit (including without limitation doors and windows) without prior approval obtained in accordance with the terms and provisions of Section 4 hereof. If application to any governmental authority for a permit to make an addition, alteration or improvement requires execution by the Association and, if applicable, provided consent of the Board has been given, then the application shall be executed on behalf of the Association by the Board or any Officer designated by the Board, without, however, incurring any liability to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The foregoing provisions of this paragraph shall not apply to Units owned by the Declarant before deeds of conveyance to such Units shall have been delivered. The Declarant shall have the right to make any such alterations without the consent of the Board or any Unit Owner or Eligible Mortgagee, and the Board shall execute any such application required to accomplish the same.

Section 4. Design Review Committee.

(a) Design Review Committee. The Design Review Committee shall be composed of three (3) Unit Owners appointed by the Board, one of whom shall be a member of the Board or

in the event the Board elects not to appoint a separate Design Review Committee, the term "Design Review Committee" shall refer to the Board.

(b) Construction/Modification of Units, Common Elements and Improvements on the Property. No Unit Owner shall make any addition, alteration, or improvement including, without limitation, repainting or revarnishing or changing the appearance of the Common Elements or the exterior appearance of any Unit (including, without limitation, doors, windows, mailboxes, and/or landscaping) until a written request setting forth the details of the addition, alteration, improvement or change shall have been submitted to and approved in writing as to harmony of external design, soundness and visual aesthetics by the Design Review Committee, which approval may be approved or denied in the Design Review Committee's sole discretion. The Design Review Committee may not approve any addition, alteration, improvement or change unless such addition, alteration, improvement or change complies with the Act, the Declaration, these Bylaws, and the then current Rules and Regulations.

(c) Guidelines. The Design Review Committee may, subject to the approval of the Board, develop and promulgate policy guidelines for the application of the design review provisions set forth herein. The policy guidelines may include review procedures, aspects and objectives of review, and principles and criteria used as standards in determining the achievement of the required objectives. The policy guidelines may also include specific design practices that, though optional, are generally acceptable methods for achieving the required objectives in particular design problems frequently encountered in the Property. The policy guidelines are intended to assist the Design Review Committee and the Unit Owners in the ongoing process of community design. They may be modified and supplemented from time to time, on due notice to the Unit Owners and subject to the approval of the Board.

(d) Submittal Requirements. Unit Owners requesting approval pursuant to this Section may be required to submit such supplemental information, including plans and specifications, containing such additional detail as the Design Review Committee may reasonably request.

(e) Procedure. Within thirty (30) days after the receipt by the Design Review Committee of all of the information requested from a Unit Owner in connection with any proposed addition, alteration or improvement, the Design Review Committee shall, in writing to such Unit Owner, approve,

with specified conditions, or refuse the Unit Owner's request with respect to any such addition, alteration or improvement.

(f) Appeal. Any action, ruling or decision of the Design Review Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(g) Violations. The Board shall have the power to impose reasonable fines and to issue a cease and desist request to any Unit Owner, his/her guests, invitees, or lessees whose actions are inconsistent with the provisions of this Section in accordance with the terms and provisions of Article XI hereof.

Section 5. Use of Units and Common Elements. Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of Article 7 of the Declaration as follows:

(a) Unit Owners shall comply with the use restrictions set forth in the Declaration.

(b) No Unit shall be leased or rented for less than an initial term of one hundred eighty (180) days or otherwise for transient purposes. No portion of any Unit (other than the entire Unit) shall be leased for any period, except that a reasonable number of roommates shall be permitted. No Unit Owner shall lease a Unit other than by written instrument which shall (i) require the tenant thereunder to comply with the Act, the Declaration, these Bylaws, and the Rules and Regulations, as any of the same from time to time may be amended, (ii) provide that any failure to so comply shall constitute a default thereunder, and (iii) provide that the Board shall have the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder upon forty-five (45) days prior written notice to the Unit Owner in the event of a default in the performance by tenant under the lease. The Board may require a standard form lease for use by all Unit Owners. Promptly following the execution of any lease of a Condominium Unit, the Unit Owner of such Unit shall deliver a conformed copy thereof to the Board. The foregoing provisions of this paragraph shall not apply to Units owned by the Association or the Declarant.

(c) Nothing shall be done or kept in any Unit or in or on the Common Elements which will increase the rate of insurance for the Condominium, without the prior written consent of the Board. No Unit Owner shall permit anything

to be done or kept in a Unit or in or on the Common Elements which will result in the cancellation of insurance on the Condominium or which would be in violation of any public law, ordinance or regulation. No waste will be committed in, on or to the Common Elements. Nothing herein shall in any way be deemed to limit or proscribe the activities of the Declarant.

(d) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed two per Unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and that no such pet weighs more than twenty-five (25) pounds.

(e) Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Condominium upon three (3) days' written notice from the Board. Pets shall not be permitted upon the Common Elements unless accompanied by a responsible person. Any Unit Owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold harmless the Condominium, the Association, each Unit Owner, the Board, the Managing Agent, and the Declarant from any loss, claim or liability of any kind or character whatsoever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered and inoculated as required by law. The Town of Brookfield, Waukesha County, and/or the State of Wisconsin, their representatives, agents or independent contractors are authorized to enter into the Condominium and enforce any applicable ordinances, rules and regulations with respect to animals promulgated by said County.

(f) No unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly, or any other type of revolving or periodic occupancy by multiple Unit Owners, cooperators, licensees, or timesharing participants. The foregoing provision of this paragraph shall not apply to Units owned by the Declarant.

(g) The Common Elements shall be used only for the furnishing of the services and facilities for which they reasonably are suited and which are incident to the use and occupancy of the Units.

(h) No person may post any advertisement, poster or sign of any kind on the exterior of a Unit or in the windows of a Unit, except as permitted by the Board or when required by law; provided, however, that any sign permitted by the Board shall not under any circumstances be larger than $2\frac{1}{2}'$ by $2\frac{1}{2}'$. The right is reserved by the Declarant or its agents to use any unsold Unit or Units or any Unit or Units leased by the Declarant for model, sales and/or rental offices and/or for any other lawful purpose or purposes, and to display "For Sale" and "For Rent" signs of any size on the Common Elements, or on any such Unit or on the Building where such Unit is located, and the right is hereby given to any Eligible Mortgagee who may become the fee simple owner of any Unit to place such signs on any Unit owned by such Eligible Mortgagee.

(i) No satellite receiving systems or stations or exterior antennae of any kind shall be maintained on a Unit or upon the Common Elements, except for any master antennae which may be provided by the Declarant or with the prior written consent of the Board of Directors.

(j) Trailers, campers, recreational vehicles, all terrain vehicles, snow mobiles, motorcycles, boats, trailers and other large vehicles may be parked on the Property only if parked completely within the garage appurtenant to the Unit Owner's Unit. No junk, derelict or non-operational vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Vehicle repairs other than ordinary light maintenance are not permitted on the Property.

(k) No basketball hoops are allowed on the Property, unless constructed or installed by Declarant.

(l) No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Unit Owners Association. The requirements from time to time of the company or governmental agency providing trash removal services for disposal or collection shall be complied with. All requirements for storage or disposal of such material shall require that it be kept in as clean and sanitary condition as reasonably possible. Garbage must be stored in covered containers in the Unit Owner's garage. It must be removed by the Unit Owner to the designated pick-up location on the scheduled day.

(m) Notwithstanding anything to the contrary contained herein, a reasonable amount of holiday lights and decorations may be displayed during the month of December.

(n) A Unit Owner may use a portion of a Unit for a home office or studio, provided, that such use is consistent with all valid laws, the residential zoning ordinances and regulations of all governmental agencies having jurisdiction with respect to the Condominium, and that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Unit Owner, and provided, further, that in no event shall any part of the Condominium be used as a school or music studio. Except for such home office or studio use, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, shall be conducted, maintained, or permitted in any Unit. Nothing in these bylaws shall be construed to prohibit the Declarant from using any Unit owned or leased by Declarant for promotional, marketing or display purposes, or from using any appropriate portion of the Common Elements for closing of sales of Units and for marketing, promotional and customer service purposes.

(o) A Unit Owner or resident shall not cause anything to be affixed or attached to, hung, displayed or placed on exterior walls, doors, balconies or windows of the Building.

(p) The sidewalks, entrances, passages, lobbies, and hallways and like portions of the Common Elements shall not be obstructed nor used for any purpose other than for ingress and egress to and from the Property; nor shall any carts, bicycles, carriages, chairs, tables or any other objects be stored therein, except in areas (if any) designated for such purposes. Notwithstanding the foregoing, Declarant may obstruct any such passageways in connection with the construction of Units on the Property or the Additional Property.

(q) No person or entity shall drain or dump, or permit the drainage or dumping of any refuse, sewage or other liquid or solid matter into any retention ponds or lakes on the Property, except the Board, at its sole discretion, may approve of the draining of water from the Property into the retention ponds or lakes if such draining will not pollute, overflow or otherwise adversely affect the ponds or lakes, and provided all necessary governmental permits have been obtained.

(r) Boats, water craft, and other vehicles or craft of any nature or size, whatsoever, including without limitation, toy boats, are prohibited upon the water areas, retention ponds and lakes of the Property, except in those instances where use of such vehicle is necessary for the maintenance and care of such water areas, retention ponds or lakes.

(s) Swimming, wading, and fishing are prohibited on the Property, except in any swimming pool which may become a part of the Common Elements.

Section 6. Rules and Regulations. Rules and Regulations concerning the operation and use of the Common Elements may be promulgated, amended and/or repealed by the Board, provided, that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration or these Bylaws. Copies of and changes to the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

ARTICLE VII

Alienation of Condominium Units

Section 1. No Severance of Ownership. Except to the extent otherwise expressly provided by the Declaration, these Bylaws or the Act, the undivided interest in the Common Elements allocated to any Unit shall not be altered and any purported transfer, encumbrance or other disposition of such interest without the Unit to which it appertains shall be void.

Section 2. Resales of Units.

(a) Resales of Units by Unit Owners other than the Declarant are governed by law. Section 703.33 of the Condominium Act requires a Unit Owner other than the Declarant to obtain from the Association and to furnish to his or her purchaser prior to the contract date of disposition certain financial and other statements and assurances concerning the Unit and the Condominium. In the absence of a written agreement to the contrary, the failure of the Association to provide such statements and assurances in the manner and within the time periods provided by the Act, shall render, at the option of the purchaser, the contract of purchase void. The Act imposes other obligations on a Unit Owner and contains additional provisions concerning Unit Owners other than the Declarant, purchasers and the Association in connection with the resale of a

Unit. All Unit Owners are directed to the Act, including, specifically, but without limitation Section 703.33, prior to entering into a contract for the resale of a Unit.

(b) No Unit Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he or she shall have paid in full to the Association all unpaid Common Condominium Expenses theretofore assessed by the Board against his or her Unit.

Section 3. Leasing of Units.

Leasing of Units by Unit Owners other than the Declarant are governed by Section 5(b) and (c)(iii) of Article VI of these Bylaws and Article VIII of the Declaration.

Section 4. Financing of Purchase of Units by Association.

(a) Acquisition of Units by the Association or its designee, on behalf of all Unit Owners, may be made from the working capital and assessments for Common Condominium Expenses in the hands of the Board, or if such funds are insufficient, the Association may borrow money to finance the acquisition of such Unit; provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit so to be acquired by the Association. Title to any real or personal property acquired by the Association shall be taken in the name of the Association. The Association shall act to borrow money, and acquire and convey property in the same manner as corporations formed under Chapter 181, Wisconsin Statutes.

(b) In the event that a Unit shall be acquired by the Association or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

ARTICLE VIII

Insurance

Section 1. General Requirements.

(a) Each policy of insurance purchased by the Board pursuant to this Article shall provide to the fullest extent applicable as follows:

(1) The named insureds under such policies shall be the Association as trustee for each of the Unit Owners in accordance with each Unit Owner's Percentage Interest, the Insurance Trustees, the Board, the Managing Agent and their authorized representatives, as their interests may appear;

(2) In no event shall any such insurance be brought into contribution with insurance purchased by individual Unit Owners or their Eligible Mortgagees;

(3) The insurer waives (i) any right to claim by way of subrogation against the Association, the Board, the Managing Agent or the Unit Owners, and their respective agents, employees, invitees and, in the case of the Unit Owners, the members of their households; and (ii) any defense based upon co-insurance or upon any invalidity arising from the acts of the insured;

(4) Such policy shall not be cancelled, invalidated or suspended due to the act or omission of any Unit Owner (including any member of his or her household and his or her invitees, agents and employees) or of any member, officer or employee of the Board or the Managing Agent;

(5) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior notice to the Board and the Managing Agent, and in the case of physical damage insurance, to all Eligible Mortgagees and Unit Owners to whom certificates, subpolicies or endorsements have been issued;

(6) Any "no other insurance" clause contained in the master policies shall expressly exclude individual Unit Owners policies from its operation; and

(7) The master policy shall contain a standard mortgagee clause, without contribution, in favor of each Eligible Mortgagee, its successors and assigns, to the extent of the portion of the coverage of the master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such Mortgagee and the Unit Owner, as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Board and the Insurance Trustee set forth in this Article.

(b) All policies of insurance shall be written by companies with a financial rating of A or better and which

are assigned a financial size category of "XI" or larger under Best's Rating Guide (or any comparable rating under a revised rating guide).

Section 2. Physical Damage Insurance.

(a) The Board shall obtain and maintain a blanket all-risk policy of physical damage insurance, with extended coverage, insuring the entire Condominium (excluding only betterments and improvements supplied or installed by or other personal property of the Unit Owners in the Units), together with all heating and air-conditioning equipment and other service machinery contained therein, and covering the interests of the Association, the Board and all Unit Owners and their Mortgagees, as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in this Article, in an amount equal to one hundred percent (100%) of the full replacement value of the Condominium based on the then current replacement cost (exclusive of the Land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation. Such insurance shall contain the following endorsements to the extent obtainable: (i) Special Condominium Endorsement; (ii) Agreed Amount and Inflation Guard Endorsement; (iii) Construction Code Endorsement; (iv) Demolition Cost Endorsements; (v) Contingent Liability from Operation of Building Laws Endorsement; and (vi) Increased Cost of Construction Endorsement. Such policy of physical damage insurance shall also provide or include to the extent obtainable that the insurer will issue to each Unit Owner a certificate or subpolicy specifying the portion of such policy allocated to his or her Unit and the Percentage Interest of such Unit in the Common Elements. The amount of such coverage shall be reviewed annually by the Board with the assistance of the insurance company affording such coverage and such coverage shall be redetermined when and as the Board deems advisable.

(b) A certificate of insurance or a true and certified copy of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums shall be delivered by the insurer to any Mortgagee so requesting the same.

Section 3. Liability Insurance. The Board shall obtain and maintain comprehensive general public liability and property damage insurance in such limits as the Board from time to time may determine in accordance with this Section, insuring each member of the Board, the Managing

Agent, the Association, and each Unit Owner against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain to the extent obtainable: (i) libel, slander, false arrest and other personal injury offenses coverage; (ii) medical payments coverage; (iii) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured; (iv) hired and non-owned vehicle coverage; (v) host liquor liability coverage with respect to events sponsored by the Association; (vi) property or others coverage; (vii) broad form property damage coverage; (viii) contractual and all written contract coverage; (ix) coverage for liability resulting from law suits related to employment contracts in which the Association is a party; and (x) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of the negligent acts of the Association, the Board, the Managing Agent or of another Unit Owner. The Board shall review such limits once each year, but in no event shall such insurance be written in an amount less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of umbrella liability insurance in excess of primary limits in the discretion of the Board also may be obtained.

Section 4. Other Insurance.

(a) The Board may obtain and maintain Directors and officers liability coverage and fidelity bond coverage to protect against wrongful and dishonest acts on the part of the officers, directors, employees and other agents of the Association, including the Managing Agent, who either handle or are responsible for handling the funds held or administered by the Association. Fidelity bonds shall (i) name the Association as an obligee; (ii) be written in such amounts as from time to time shall be required by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association; (iii) contain waivers of any defense based upon the exclusion for persons who serve without compensation from any definition of "employee" or similar expression; and (iv) include provision for ten (10) days' written notice to the Association and each servicer of any Mortgage owned by the Federal National Mortgage Association before the bond can be cancelled or substantially modified;

(b) If the Condominium is located in an area at any time designated as having special flood hazards, the Board shall obtain and maintain a blanket policy of flood insurance in an amount equal to one hundred percent (100%) of the insurable value of all Buildings and other insurable property located in the flood hazard area, based upon the then replacement cost, or, the maximum coverage available under the National Flood Insurance Administration Program, as amended, whichever is less; and

(c) The Board shall obtain and maintain workmen's compensation insurance if and to the extent necessary to meet the requirements of law; and

(d) The Board may obtain and maintain such other insurance as the Board may determine, or as may be requested from time to time by a majority of the votes of the Unit Owners, or as required by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or by law.

Section 5. Separate Insurance. Each Unit Owner shall have the right, at such Unit 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.

Section 6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board shall provide that, with respect to any single loss, if the proceeds thereof exceed One Hundred Thousand Dollars (\$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 (which trustee herein is referred to as the "Insurance Trustee"). If such proceeds do not exceed One Hundred Thousand Dollars (\$100,000.00), then all such proceeds shall be paid to the Board to be applied pursuant to the provisions of Article IX of these Bylaws.

(b) The Board shall enter into an Insurance Trust Agreement with the Insurance Trustee chosen by the Board. 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 Bylaws for the benefit of the insureds and their beneficiaries.

Section 7. Board as Agent. By acceptance of the deed to his or her Unit, each Unit Owner shall be deemed to have appointed the Association as his or her attorney-in-fact for the purpose of purchasing and maintaining the above-described policies of insurance, including, where applicable, the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

ARTICLE IX

Repair and Reconstruction After Fire or Other Casualty

Section 1. General Requirements.

(a) When Repair and Reconstruction are Required. Except as provided in paragraph (b) of this Section, in the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty, the Board shall arrange for and supervise the prompt repair and restoration of the Condominium (excluding only betterments and improvements supplied or installed by or other personal property of the Unit Owners in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the interior cosmetic redecoration of his or her own Unit.

By acceptance of the deed to a Unit, each Unit Owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 15, Article II of these Bylaws and shall constitute the determination by the Association and the Unit Owners to repair or reconstruct as required by the Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the Unit Owners, then the vote of one Unit Owner shall be sufficient to determine to repair or reconstruct.

(b) When Reconstruction is not Required. If the Condominium is destroyed by fire or other casualty to an extent more than the available insurance proceeds and if within one hundred twenty (120) days after the date of such destruction Unit Owners owning Units to which at least seventy-five percent (75%) of the votes in the Association appertain and Eligible Mortgagees holding two-thirds of all Eligible Mortgages owned in the Condominium agree to waive and terminate the Condominium regime, the Condominium shall be subject to an action for partition, in which event the net proceeds of sale and the insurance policies, if any, shall be considered as one fund, and distributed by the Board or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective Percentage Interests, after first paying out of the share of each Unit Owner, to the extent sufficient for this purpose, the amount of any unpaid liens on such Unit Owner's Condominium Unit, in the order of the priority of such liens. Until the execution of judgment partitioning the Condominium, each Unit Owner, and his or her heirs, successors or assigns, shall have an exclusive right of occupancy of that part of the Condominium which formerly constituted his or her Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any part of the Condominium, the Board shall obtain detailed estimates of reconstruction and repair costs so as to restore the Condominium to a condition as good as that existing before such fire or other casualty. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary or desirable.

(b) Casualty Assessments. If the proceeds of insurance maintained by the Board are not sufficient to defray the estimated costs of reconstruction and repair, or if at any time during reconstruction and repair, the funds for the payment thereof are insufficient, special casualty assessments in sufficient amounts to provide payment of such costs shall be levied by the Board. Such special casualty assessments shall

be a general obligation of all Unit Owners; accordingly, the Board shall levy such special casualty assessments against all Unit Owners in proportion to the respective Percentage Interests of all Units. Special

casualty assessments shall not require the approval of the Association, anything in these Bylaws to the contrary notwithstanding.

(c) Determination Amount of Special Casualty Assessment; Use of Reserve Funds. If the Board determines that the repair or reconstruction of any portion of the Condominium (including one or more Buildings) after a casualty will, upon completion, materially reduce the necessity of maintaining any reserve fund at its then current level, the Board may utilize such reserve fund to the extent it deems appropriate to reduce or eliminate the amount of any special casualty assessment.

(d) Plans and Specifications. Any reconstruction or repair of the Condominium in accordance with this Article shall be made substantially in accordance with the plans and specifications under which the Condominium originally was constructed, subject to the requirements of applicable law at the time of such reconstruction or repair.

Section 3. Disbursements.

(a) Construction Fund. The net proceeds of insurance collected on account of casualty, together with any sums received by the Board from collections of special casualty assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner: If the estimated cost of reconstruction and repair is One Hundred Thousand Dollars (\$100,000.00) or less, then the construction fund shall be disbursed in payment of such costs upon order of the Board; if the estimated cost of reconstruction and repair is more than One Hundred Thousand Dollars (\$100,000.00), then the construction fund shall be disbursed in payment of such costs by the Insurance Trustee upon approval of an architect qualified to practice in the State of Wisconsin and employed by the Insurance Trustee to supervise such reconstruction and repair, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by the various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with such reconstruction and repair and stating that: (a) the sums requested by them in payment are justly due and owing and do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to such architect for the services and materials described; and (c) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such

certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of reconstruction and repair for which the fund is established, such balance shall be divided among all Unit Owners who paid special casualty assessments levied pursuant to Section 2 of this Article in proportion to their payments.

(c) Common Elements. When damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of replacing and repairing those portions of the Common Elements which enclose and/or service the Units, next to the cost of replacing and repairing the perimeter walls of the Units, next to the cost of replacing and repairing the other Common Elements, and the balance, if any, to the cost of replacing and repairing the Units.

(d) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President (or the Vice President) and the Secretary of the Association, certifying (i) whether the damaged property is required to be reconstructed and repaired, (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund, and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 4. Common Elements: When Reconstruction Is Not Required. If the Board elects not to repair insubstantial damage to the Common Elements, the Board shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all Unit Owners in proportion to their respective Percentage Interests.

ARTICLE X

Condemnation

In the event of a taking under the power of eminent domain, the allocation of the award and the obligation of the

Association to repair or reconstruct shall be as set forth in Section 703.19 of the Act, as amended or renumbered from time to time.

ARTICLE XI

Mortgagees

Section 1. Notices. Whenever so requested in writing by an Eligible Mortgagee, the Board promptly shall report to such Eligible Mortgagee (a) any sixty (60) day delinquency in the payment of assessments due by the Unit Owner of the mortgaged Unit, (b) any material damage to such Unit or to the Common Elements, and of any condemnation or similar proceeding which may affect the Eligible Mortgagee, (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and (d) any proposed action requiring the consent of Eligible Mortgagees in the Section of the Declaration captioned "Approval of Mortgagees."

Section 2. Representation at Association Meetings. All Eligible Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak thereat.

ARTICLE XII

Compliance and Default

Section 1. Unit Owners Subject to Act, Declaration, Bylaws and Rules and Regulations. All Unit Owners shall be governed by and shall comply with the provisions of the Act, the Declaration, these Bylaws,

and the Rules and Regulations, as any of the same may be amended from time to time. A default by a Unit Owner shall entitle the Association or an aggrieved Unit Owner to the relief as provided in this Section.

Section 2. Legal Proceedings. An action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of assessments, any other relief provided for in these Bylaws or in the Declaration, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, may be sought by the Association, the Board, the Managing Agent, or if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

Section 3. Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

Section 4. Fines. The Board may levy reasonable fines against Unit Owners for violations of the Rules and Regulations, the Condominium Documents or the Act by the Unit Owner, his or her family members, guests, invitees, employees and/or agents. No fine may be levied for more than one percent (1%) of such Unit Owner's annual assessment for any one violation; but each day a violation continues after notice is given to the Unit Owner is a separate violation. If a Unit Owner requests in writing a hearing before the fine is imposed, the imposition of the fine shall be suspended until hearing before the Board is held. Fines are special assessments and shall be collectible as such.

Section 5. No Waiver of Rights. The failure of the Association or a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Act, the Declaration, these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Association or such Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association or to any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such rights as may be granted to such party by the Condominium Act, the Declaration, these Bylaws or the Rules and Regulations, or at law or in equity. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosure or waiving the lien securing the same, and foreclosure shall be maintainable notwithstanding the pendency of any suit to recover a money judgment.

Section 6. Abatement and Enjoinment of Violations by Association. The violation of any Rule or Regulation adopted by the Board, or any breach of these Bylaws or the breach of any provision of the Act or the Declaration shall give the Association the right, in addition to any other rights set forth in these Bylaws (i) to enter the Unit in which or as to which such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that constitutes such violation and the Board shall not thereby be deemed guilty in any manner of trespass, or (ii) to enjoin, abate or remedy by appropriate

legal proceedings, either at law or in equity, the continuance of any such breach, as provided by law.

Section 7. Grievance Procedure.

(a) The Board or any Unit Owner may file a written complaint with the Secretary of the Association against another Unit Owner or the Association for violation of the Act, the Declaration, these Bylaws and any Rules and Regulations promulgated hereunder. Upon receipt of a complaint, the Secretary shall furnish a written notice of the alleged violation, the penalties therefor and the hearing procedure to the Unit Owner complained of by personal delivery or by certified mail, return receipt requested. The Unit Owner complained of may within fifteen (15) days of the delivery or mailing of the notice file a written answer with the Secretary admitting or denying the allegations of the notice. If, within the time period allowed, the Unit Owner complained of fails to file an answer or admits the allegations of the notice, a violation will be conclusively deemed to have occurred. If, within the time period allowed, the Unit Owner complained of denies the allegations of the notice, the Secretary shall schedule a hearing before the Grievance Committee to be held no more than thirty (30), but not less than fourteen (14) days, after delivery or mailing of a notice of hearing to the parties.

(b) Upon delivery or mailing of the notice of hearing, the President of the Association shall appoint the Grievance Committee. The Grievance Committee shall consist of Unit Owners who are not members of the Board, relatives of the Unit Owner complaining or complained of, witnesses at the hearing or persons otherwise interested in the hearing.

(c) The hearing shall be conducted by the Grievance Committee. The Board shall represent the complaining Unit Owner. The parties and the Grievance Committee shall be entitled to examine and cross-examine witnesses. When summoned by the Grievance Committee to do so, it shall be the obligation of each Unit Owner to appear and testify at the hearing and to produce records and data relevant to the subject matter of the hearing. The hearing shall be informal and conformity to the legal rules of evidence shall not be required. Within seven (7) days after the conclusion of the hearing, the Grievance Committee shall file a written decision with the Secretary which shall be binding upon the Association.

(d) Upon a determination by the Grievance Committee that a violation has occurred, the Board may, without limiting any other rights set forth in the Bylaws, impose a fine as described in Section 4 above.

ARTICLE XIII

Miscellaneous

Section 1. Amendments. These Bylaws may be amended by the agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association appertain and in the manner provided by Section 703.10(5) of the Act.

No amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Act, or the Declaration. An amendment once adopted as provided for herein shall then constitute part of the official Bylaws of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment. Anything herein to the contrary notwithstanding, and subject to any limitations imposed by the Act (with specific reference to Section 703.10 thereof), and except as required to comply with the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans' Administration or any other governmental or quasi-governmental agency insuring or involved in the making or purchasing of Mortgages of any Unit,

(i) so long as the Declarant is the only Unit Owner, the Declarant may amend these Bylaws without the consent or approval of any party;

(ii) so long as the Declarant shall be the Unit Owner of Units to which at least twenty-five percent (25%) of the Percentage Interests in the Association appertain (determined in accordance with Section 1(e) of Article III) and so long as not less than ten (10) years has expired from the date of the first conveyance to any purchaser of any Unit in the Condominium, Section 1 of Article III shall not be amended without the consent in writing of the Declarant;

(iii) so long as the Declarant owns one or more Units, no amendment to these Bylaws shall be adopted that could unreasonably interfere with the sale, lease or other disposition by the Declarant of Unit(s) in the Condominium or that could abridge, modify, eliminate or otherwise affect any right, power, easement, privilege or benefit reserved to the Declarant hereunder or which would impose any discriminatory charge or fee against the Declarant;

(iv) no amendments to these Bylaws shall be adopted that could abridge, modify, eliminate or otherwise affect any privilege granted or reserved by the provisions of these Bylaws to Eligible Mortgagees; and

(v) this Section 1 shall not be amended except with the unanimous agreement of all of the Unit Owners in the Association.

Section 2. Execution. Unless otherwise provided by a resolution of the Board, any documents or instruments, including without limitation, amendments to these Bylaws or the Declaration, executed on behalf of the Association shall be properly executed if signed by the President or Vice President and attested to by one other Officer of the Association.

Section 3. Merger. The Association, upon the approval of the Members holding seventy-five percent (75%) of the votes of the Association, may elect to merge or consolidate the Association with another corporation, provided that the surviving or consolidated corporation shall be a condominium association pursuant to the Act and provided, further that no such merger or consolidation shall affect any revocation, change or addition to the covenants established by the Declaration or the Bylaws within the Properties except as herein or therein provided.

Section 4. Notices. Except as otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications required or permitted under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first-class postage prepaid, or otherwise as the Act may require or permit, (i) if to a Unit Owner, at the address that the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Board or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Association pursuant to this Section. If a Unit is owned by more than one person, each person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 5. Invalidity. The invalidity of any portion of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 6. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no

way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

Section 7. Conflicts. These Bylaws are intended to comply with the requirements of the Act. In the event that any of these Bylaws conflict with the provisions of the Act or the Declaration, the provisions of the Act or the Declaration, as the case may be, shall control.