

DISCLOSURE MATERIALS

FOR

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

Property Address:

8453 – 8579 N. 107TH Street
10800 – 10894 W. Donna Drive
Milwaukee, Wisconsin 53224

1. THESE ARE LEGAL DOCUMENTS COVERING YOUR RIGHTS AND RESPONSIBILITIES AS A CONDOMINIUM OWNER. IF YOU DO NOT UNDERSTAND ANY PROVISIONS CONTAINED IN THEM, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.
2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY, WITH THE EXCEPTION OF THE EXECUTIVE SUMMARY, BE RELIED UPON AS CORRECT AND BINDING. FOR A COMPLETE UNDERSTANDING OF THE EXECUTIVE SUMMARY, CONSULT THE DISCLOSURE DOCUMENTS TO WHICH A PARTICULAR EXECUTIVE SUMMARY STATEMENT PERTAINS. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.
3. YOU MAY AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING RECEIPT OF THESE DOCUMENTS, OR FOLLOWING NOTICE OF ANY MATERIAL CHANGES IN THESE DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE. IF THE SELLER DELIVERS LESS THAN ALL OF THE DOCUMENTS REQUIRED, YOU HAVE 5 BUSINESS DAYS FOLLOWING RECEIPT OF THE DOCUMENTS, TO CANCEL IN WRITING THE CONTRACT OF SALE OR, IF THE SELLER DELIVERS A COVER SHEET AND INDEX, TO DELIVER A WRITTEN REQUEST FOR ANY MISSING DOCUMENTS. SEE THE INDEX, IF ANY, FOLLOWING THIS INFORMATION TO DETERMINE IF DOCUMENTS ARE MISSING. IF YOU TIMELY DELIVER A WRITTEN REQUEST FOR MISSING DOCUMENTS, YOU MAY, AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING THE EARLIER OF EITHER THE RECEIPT OF THE REQUESTED DOCUMENTS OR THE SELLER'S DEADLINE TO DELIVER THE REQUESTED DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE. YOU HAVE NO FURTHER RIGHT TO CANCEL THE CONTRACT OF SALE BASED ON THE DOCUMENTS UNLESS THE DOCUMENTS ARE MATERIALLY CHANGED.

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HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

1. **EXECUTIVE SUMMARY:** The Executive Summary highlights for a buyer of a condominium unit essential information regarding the condominium. The Executive Summary can be found in Section A.
2. **DECLARATION:** The Declaration establishes and describes the condominium units and the common areas. The declaration can be found in Section B.
3. **BY-LAWS:** The By-Laws contain rules which govern the condominium and affect the rights and responsibilities of unit owners. The By-Laws can be found in Section C.
4. **ARTICLES OF INCORPORATION:** The operation of a condominium is governed by the association of which each unit owner is a member. Powers, duties and operation of an association are specified in its Articles of Incorporation. The Articles of Incorporation can be found in Section D.
5. **MANAGEMENT OR EMPLOYMENT CONTRACTS:** Certain services are provided to the condominium through contracts with individuals or private firms. These contracts can be found in Section E.
6. **ANNUAL OPERATING BUDGET:** The association incurs expenses for the operation of the condominium which are assessed to the unit owners. The operating budget is an estimate of those charges which are in addition to mortgage and utility payments. The Budget can be found in Section F.
7. **LEASES:** There are no leased facilities at this condominium.
8. **EXPANSION PLANS:** There are no expansion plans in effect at this condominium.
9. **FLOOR PLAN(S) AND MAP:** The seller has provided a floor plan of the unit being offered for sale and a map of the condominium which shows the location of the unit you are considering and all facilities and the common areas which are part of the condominium. The floor plan(s) and map can be found in the Declaration, Section B.
10. **RULES AND REGULATIONS:** The Rules and Regulations for the condominium are promulgated by the association. The Rules and Regulations can be found in Section G.
11. **STATUTORY RESERVE ACCOUNT:** The condominium does not have a Statutory Reserve Account. The Statutory Reserve Account Statement can be found in Section H.
12. **OTHER IMPORTANT INFORMATION AND DOCUMENTS:** can be found in Section I.

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Condominium Name: Highlands 2 Owners Association, Inc.

This Executive Summary was prepared or revised on June 18, 2026 (insert date).

This Executive Summary highlights some of the information prospective purchasers are most interested in learning, as well as some of the information they should consider when contemplating the purchase of a residential condominium unit. The following sections either briefly summarize pertinent information or direct prospective buyers to specific documents, sections and/or pages of the condominium materials that discuss a topic in detail. A section identified with an  icon may refer a prospective purchaser to specific page numbers or sections of the condominium materials for more information about a topic.

This summary is not intended to replace the prospective purchaser's review of the condominium declaration, bylaws and other condominium disclosure materials nor is it a substitute for a professional review of the condominium documents or legal advice.

1. Condominium Association Management and Governance

- ◆ Condominium association name Highlands 2 Owners Association, Inc.
- ◆ Association address 8453 - 8579 N. 107th Street and 10800 - 10894 W. Donna Drive, Milwaukee, WI 53224
- ◆ The association is managed:
 - ☐ By the Unit Owners (self-managed)
 - ☒ By a management agent or company
 - ☐ By the declarant (developer) or the declarant's management company
- ◆ Person(s) to be contacted for more information about the condominium Hunt Management
- ◆ Address, phone number, and other contact information for the contact person 10520 N. Baehr Road, Suite Q, Mequon, WI 53092

 For condominium document references regarding association governance and a condominium contact person, see Hunt Management

2. Parking

- ◆ Number of parking spaces assigned to each Unit: 1-2 Number Outside 112 Inside 102
 - ☒ Common Element ☐ Limited Common Element ☒ Included as part of the Unit
 - ☐ Separate Non-voting Units ☐ Depends on Individual Transaction [check all that apply]
- ◆ Parking fees (include separate maintenance charges, if any) ☒ No ☐ Yes, \$ _____ per _____
Other (specify): _____
- ◆ Parking assignments reserved or designated on the plat or in the condominium documents:
 - ☐ No ☒ Yes – Where? Garages are privately owned. Outside spaces are Common Area
- ◆ Parking spaces assigned to a unit by a separate deed: ☐ No ☒ Yes
- ◆ Ability to transfer parking spaces between Unit Owners: ☒ No ☐ Yes
- ◆ Describe parking available for visitors Outside spaces available for Visitors and Residents
- ◆ Describe any other parking restrictions See Parking Rules

 For condominium document references to parking, see Bylaws Article VI, Rules Section XIII

3. Pets

- ◆ Are pets allowed? ☐ No ☒ Yes—describe the kinds of pets allowed: One dog, cat or other non-exotic household pet is permitted. "Dangerous" animals are strictly prohibited.

- ◆ Pet rules and restrictions: See Pet Rules

☞ For condominium document references regarding pet rules, see Bylaws Article VI. Rules Section XII

4. Unit Rentals

- ◆ May Unit Owners rent out their condominium units? ☐ No ☒ Yes -- describe the limitations and restrictions on unit rentals: All leases must be in writing and subject to the Declaration and Bylaws. A full copy of the lease must be filed with the Association, as do the names of all tenants. Lease terms may not be less than 30 days nor more than one year in length.

☞ For condominium document references regarding unit rentals, see Bylaws Article VI. Rules Section IV. Use

5. Special Condominium Amenities or Features

None

(describe any special amenities and features)

- ◆ Are Unit Owners obligated to join or make additional payments for any amenity associated with the condominium, such as an athletic club or golf course? ☒ No ☐ Yes -- cost:

☞ For condominium document references regarding special amenities, see

6. Unit Maintenance and Repair Responsibilities

- ◆ A Unit Owner's responsibilities for unit maintenance and repair include: The Unit interior and all Unit doors and windows. Unit Owners must keep the adjacent limited common areas in good, clean and sanitary condition.

☞ For condominium document references regarding unit maintenance and repair responsibilities, see Declaration Section 24. Bylaws Article V.

7. Common Element and Limited Common Element Maintenance, Repair and Replacement

- ◆ Person(s) responsible for common element maintenance, repair and replacement: The Association

- ◆ Repair and replacement of the common elements is paid for by:

- ☐ Unit Owner assessments
- ☐ Reserve funds
- ☒ Both
- ☐ Other (specify):

- ◆ Person(s) responsible for limited common element maintenance, repair and replacement: The Association

- ◆ Repair and replacement of the limited common elements is paid for by:

- ☐ Unit Owner assessments
- ☐ Reserve funds
- ☒ Both
- ☐ Other (specify):

☞ For condominium document references regarding common element and limited common element maintenance, repair and replacement, see Declaration Section 24. Bylaws Article V.

8. Reserve Funds

- ◆ Does the condominium association maintain reserve funds for the repair and replacement of the common elements? ☐ No ☒ Yes
- ◆ Does the association have a Statutory Reserve Account*?

☒ No ☐ Yes -- reserve balance is \$ \$162,500 as of May 31, 2026

Note: This amount is current as of the date this Executive Summary was prepared or revised.

 For condominium document references regarding this condominium's reserve funds for repairs and replacements, see Bylaws Article V.

*Note: A "Statutory Reserve Account" is an account established under Wis. Stat. § 709.163 to be used for the repair and replacement of the common elements in a residential condominium (optional for a small condominium with up to 12 residential units or a mixed-use condominium with residential and non-residential units). In a new condominium, the developer initially decides whether to have a statutory reserve account, but after the declarant control period has ends, the association may opt-in or opt-out of a statutory reserve account with the written consent of a majority of the unit votes. A condominium may have other reserve accounts that are not statutory reserve accounts.

9. Fees on New Units

- ♦ Are there provisions excusing the declarant (developer) from paying assessments or modifying the declarant's obligation to pay assessments for the units still owned by the declarant during the period of declarant control?

☒ Not applicable (no developer-owned units or declarant control has ended)

☐ No

☐ Yes -- describe in what way: _____

- ♦ Describe other provisions in the declaration, bylaws, or budget addressing the levying and payment of assessments on units during the period of declarant control: _____

 For condominium document references to condominium fees during the declarant control period, see _____

10. Expansion Plans

- ♦ Has the Declarant (developer) reserved the right to expand this condominium in the future?

☒ No ☐ Yes -- number of additional units that may be added through the expansion: _____ units

- ♦ Expansion period ends: _____

- ♦ Condominium management during the expansion period is by: _____

 For condominium document references regarding condominium expansion plans, see _____

11. Unit Alteration and Limited Common Element Enclosure

- ♦ Unit Owner may alter a unit or enclose limited common elements: ☒ No ☐ Yes

- ♦ Describe the rules, restrictions and procedures for altering a unit: _____

- ♦ Describe the rules, restrictions and procedures for enclosing limited common elements: _____

 For condominium document references to unit alterations and limited common element enclosures, see _____

12. First Right of Purchase

- ♦ The condominium association has a right of first purchase, also sometimes referred to as a right of first refusal, when a condominium unit is offered for sale: ☒ No ☐ Yes

 For condominium document references to any first right of purchase held by the condominium association, see _____

13. Transfer Fee

- ♦ The condominium association charges a fee in connection with the transfer of ownership of a unit: ☒ No

☐ Yes -- amount charged: \$ _____

 For condominium document references to fees charged in connection with a unit ownership transfer, see _____

14. Payoff Statement Fee

- ♦ Condominium association charges a fee for providing a payoff statement regarding unpaid unit assessments and charges: ☒ No ☐ Yes -- amount charged: \$ _____

 For condominium document references to fees charged for payoff statements under Wis. Stat. § 703.335, see _____

15. Disclosure Materials Fee

- ♦ Condominium association charges a fee for providing the condominium disclosure materials a unit seller must provide to a prospective unit buyer: ☒ No ☐ Yes-- amount charged: \$ _____

 For condominium document references regarding fees charged for providing the condominium disclosure materials, see _____

16. Other restrictions or features (optional): _____

17. Amendments

Condominium materials can be amended in a way that might change the rights and responsibilities of Unit Owners. Wisconsin law allows the Unit Owners to amend the condominium declaration, bylaws and other condominium documents if the required votes are obtained. Some of these changes may alter a Unit Owner's legal rights and responsibilities with regard to the condominium unit, including some of the information included in this Executive Summary. Unit Owners and prospective purchasers should review the amendment requirements in the declaration, bylaws, rules and regulations, or other condominium documents.

 For condominium document references regarding condominium document amendment procedures and requirements, see Declaration Section 27. Bylaws Article VII _____

This Executive Summary was prepared on the date stated on page one by Hunt Management

(print name and title or position).

 **Instructions for Completing the Executive Summary.** The Executive Summary is one of the condominium disclosure documents that must be furnished to a prospective purchaser of a residential condominium unit. The Executive Summary addresses the topics set forth in Wis. Stat. § 703.33(1)(h) in clear, plain language or by indicating the location within the disclosure materials where the information may be found. The Executive Summary must state the date on which it is prepared or revised. It shall be revised whenever a change in the condominium materials necessitates a corresponding revision to the Executive Summary. The preparer of the Executive Summary should consult an attorney with any questions concerning preparation of the Executive Summary.

 **Executive Summary Legal Requirements.** Per Wis. Stat. § 703.33(1m), the declarant (developer) or the association is responsible for preparing the Executive Summary and revising it whenever a change is made in the disclosure materials that necessitates a corresponding revision to the Executive Summary. An Executive Summary must appear in the condominium disclosure materials directly following the index [Wis. Stat. § 703.33(2)], and must be attached as an addendum to the real estate condition report that a seller gives to a prospective purchaser, generally before the prospective purchaser writes an offer to purchase [Wis. Stat. § 709.02]. An Executive Summary may not be required as part of the disclosure materials for a "small condominium" (up to twelve residential units), depending upon the elections made in the declaration [Wis. Stat. § 703.365 (1) & (8)].

CAUTION: NEITHER REAL ESTATE LICENSEES NOR UNIT OWNERS SHOULD COMPLETE THIS FORM!

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION B

DECLARATION

DISCLOSURE MATERIALS

FOR

HIGHLANDS 2

A CONDOMINIUM

10800 - 94 West Donna Drive
8453 - 8579 North 107th Street
Milwaukee, Wisconsin 53223

UNIT NO. _____

THE DECLARANT IS

TOWNE REALTY, INC.
105 West Michigan Street
Milwaukee, Wisconsin 53203

DECLARANT'S AGENT IS:

James B. Young
105 West Michigan Street
Milwaukee, Wisconsin 53203

1. THESE ARE THE LEGAL DOCUMENTS COVERING YOUR RIGHTS AND RESPONSIBILITIES AS A CONDOMINIUM OWNER. IF YOU DO NOT UNDERSTAND ANY PROVISIONS CONTAINED IN THEM, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.
2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY BE RELIED UPON AS CORRECT AND BINDING. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.
3. YOU MAY AT ANY TIME WITHIN FIVE BUSINESS DAYS FOLLOWING RECEIPT OF THESE DOCUMENTS, OR FOLLOWING NOTICE OF ANY MATERIAL CHANGES IN THESE DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE.

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The disclosure materials the declarant is required by law to provide to each prospective condominium purchaser contains the following documents and exhibits:

1. Declaration. The declaration establishes and describes the condominium, the units and the common elements. The declaration begins on page DS-1.
2. By-Laws. The by-laws contain rules which govern the condominium and effect the rights and responsibilities of unit owners. The by-laws begin on page DS-24.
3. Articles of Incorporation. The operation of a condominium is governed by the Association, of which each unit owner is a member. Powers, duties, and operation of an Association are specified in its Articles of Incorporation. The Articles of Incorporation begin on page DS-34.

4. Annual Operating Budget. The Association incurs expenses for the operation of the condominium which are assessed to the unit owners. The operating budget is an estimate of those charges which are in addition to mortgage and utility payments.
5. Floor Plan and Map. The declarant has provided a floor plan of the unit being offered for sale and a map of the condominium which shows the location of the unit you are considering and all facilities and common areas which are a part of the condominium. The floor plan and maps begin on page DS-10.

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A CONDOMINIUM

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DECLARATION FOR HIGHLANDS 2

A CONDOMINIUM

DECLARATION FOR

HIGHLANDS 2

A CONDOMINIUM

10800-94 West Donna Drive
8453-8579 North 107th Street
Milwaukee, Wisconsin

This Declaration is made under the Wisconsin Condominium Ownership Act, Chapter 703, Wisconsin Statutes, by Towne Realty, Inc., a corporation organized under the laws of the State of Wisconsin, hereafter referred to as Declarant.

1. Purpose. The purpose of this Declaration is to submit the land and improvements described below to Condominium ownership and use in the manner provided by the Wisconsin Condominium Ownership Act. Towne Realty, Inc., a Wisconsin corporation, the Declarant, has duly authorized James B. Young and Roch Carter to execute this Declaration on behalf of the Declarant.

2. Description of Land. The land which is the subject of this Declaration and upon which the buildings and improvements are and will be located is in Milwaukee County, Wisconsin, more particularly described:

Parcel 1 of Certified Survey Map No. 3121, being a redivision of Block 1 in the Highlands, being a subdivision of a part of the NE1/4 and the SE1/4 of Section 7, T 8 N, R 21 E, in the City of Milwaukee, Milwaukee County, Wisconsin.

A survey of the land subject to this Declaration is attached as Exhibit "A". Exhibit "A" shows the location of the buildings which are included in Highlands 2.

3. Description of Buildings and Units. The buildings and improvements which are located on the land contain one hundred twelve (112) units. There are eight (8) buildings with eight (8) units and three (3) buildings with sixteen (16) units. The site plan of the land showing the location of the buildings and units is attached to this Declaration as Exhibit "B". Floor plans of each kind of unit, stating the unit number of the unit covered by each such plan are attached as Exhibit "C-1" through "C-12" inclusive. The buildings have two stories and are constructed principally of frame and brick.

Exhibit "B" shows the areas designated for parking spaces which spaces are numbered "P-1" through "P-88" inclusive. The Declarant or its successors and assigns may construct garages for units owners who contract for garages. The areas in which garages may be built are designated on Exhibit "B" as "G-1" through "G-112" inclusive. Garages, if built, shall become, upon completion, a part of the unit for which such garage was constructed. No garage shall be conveyed separately from the unit for which it was constructed. Nothing herein shall be construed to give any owner an absolute right to have a garage constructed for his unit, except for the right of replacement of an existing garage in the event such a garage is destroyed.

Areas designated for garages may be used as parking spaces until such time as garages are constructed. Nothing herein shall be construed to require Declarant to construct garages, Declarant's obligation to construct garages arising from Declarant's contract with a unit owner.

Exhibit "C-1" are the plans for five (5) units. Each unit contains a living room, dining room, kitchen, one (1) bedroom, one (1) bath and a storage area. These units contain approximately 710 sq. ft. of living space.

Exhibit "C-2" are the plans for four (4) units. These units contain a living room, dining room, kitchen, one (1) bedroom, one (1) bathroom and a storage area. These units contain approximately 710 sq. ft. of living space.

Exhibit "C-3" are the plans for six (6) units. These units contain a living room, dining room, kitchen, one (1) bedroom, one (1) bathroom, and a storage area. These units contain approximately 766 sq. ft. of living space.

Exhibit "C-4" are the plans for six (6) units. Each unit contains a living room, dining room, kitchen, one (1) bedroom, one (1) bathroom and a storage area. These units contain approximately 766 sq. ft. of living space.

Exhibit "C-5" are the plans for one (1) unit. This unit contains a living room, dining room, kitchen, one (1) bedroom, one (1) bathroom and a storage area. This unit contains approximately 710 sq. ft. of living space.

Exhibit "C-6" are the plans for two (2) units. These units contain a living room, dining room, kitchen, one (1) bedroom, one (1) bathroom and a storage area. These units contain approximately 710 sq. ft. of living space.

Exhibit "C-7" are the plans for sixteen (16) units. These units contain a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 929 sq. ft. of living space.

Exhibit "C-8" are the plans for seventeen (17) units. These units contain a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 929 sq. ft. of living space.

Exhibit "C-9" are the plans for twenty-two (22) units. These units contain a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 980 sq. ft. of living space.

Exhibit "C-10" are the plans for twenty-two (22) units. Each unit contains a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 980 sq. ft. of living space.

Exhibit "C-11" contain the plans for six (6) units. These units contain a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 929 sq. ft. of living space.

Exhibit "C-12" are the plans for five (5) units. These units contain a living room, kitchen, two (2) bedrooms, one (1) full bathroom, one (1) powder room and a storage area. These units contain approximately 929 sq. ft. of living space.

All first floor units contain an entry way. All second floor units contain an entry way and stairwell.

4. Interpretation of Plans. In interpreting the survey or floor plans or any deed or any other instrument affecting a building or unit, the boundaries of the building or unit constructed or reconstructed in substantial accordance with the survey and floor plans shall be conclusively presumed to be the actual boundaries rather than the description expressed in the survey or floor plans, regardless of minor variations between boundaries shown on the survey and floor plans and the actual boundaries of the buildings or units as located and erected.

5. Identification of Units.

(a) A unit is that part of a building and assigned garage, if any, intended for individual, private use, comprised of one or more cubicles of air at one or more levels of space having the following boundaries:

(1) The upper boundary of each first floor unit shall be the plane of the under surface of the wood trusses which serve as ceiling joists.

(2) The upper boundary of each second floor unit shall be the plane of the under surface of the chords of the roof trusses which serve as ceiling joists.

(3) The lower boundary of each first floor unit shall be the plane of the under surface of the floor slab.

(4) The lower boundary of each second floor unit shall be the plane of the under surface of the plywood subfloor.

(5) The vertical boundaries of each units shall be:

a) Exterior building walls: The plane of the studs onto which the interior outside walls are attached.

b) Interior building walls: The plane of the studs onto which the walls bounding a unit are attached and the interior surface of the foundation walls bounding a unit.

(b) Interior surfaces of the perimeter walls, floors, ceilings, windows, window frames, doors and door frames shall be considered part of a unit.

6. Number, Location and Description of Units. The unit number of each unit, its location, approximate area, number of rooms, and limited common area, if any, to which it has access are shown on Exhibits "B" and "C-1" through "C-12" attached to this Declaration.

7. Common and Limited Common Elements.

(a) The common elements shall be all of the condominium except the units as defined in this Declaration.

(b) The limited common elements shall be the parking areas, balconies and other areas designated as such by this Declaration or by the Association.

8. Parking Areas. Each unit owner shall be assigned the right to the exclusive use of one or more of the numerically designated parking spaces within the parking area. Garages will be constructed for those unit owners contracting for such, and shall be constructed of uniform design and in those areas designated as proposed garages on Exhibit "B" and shall become a part of the unit for which such garage was constructed as provided in paragraph 3, above. The Declarant reserves the right to change parking space assignments if necessary to accommodate unit owners who contracted for garages. The Declarant's right to assign and change assignments, shall continue until the last residential unit is sold. Thereafter the Association shall have the right to assign and control all unassigned parking so long as the Association does not interfere with, alter or change the assignments previously made by the Declarant. Maintenance of the parking area is declared to be a common expense and shall be divided among all unit owners as are other common expenses. The Association, through its Board of Directors, may rent unassigned parking spaces upon such terms and conditions as it shall deem proper and all funds so received shall be used to offset common area expenses. Any real estate tax liability resulting from increased assessed valuation as a result of the acquisition by a unit owner of a garage shall accrue to the particular unit owner who shall have such exclusive right to use. Nothing herein shall be construed to give a unit owner who contracts for a garage the right to an additional parking space.

9. Percentage Interest in Common Elements. Each unit and its owner shall have an individual percentage interest in the common and limited common elements equal to 0.893% of said elements.

10. Restriction on Use. The buildings and each of the units are intended for single family residential use only and are restricted to that use. Any lease or oral or written rental agreement shall not relieve an owner from his obligation to pay common expenses or from any other obligation imposed upon unit owners by this Declaration, the By-Laws of the Association or by any rule or regulation adopted pursuant thereto.

11. Agent for Service of Process. The initial resident agent for service of process shall be James B. Young, 105 West Michigan Street, Milwaukee, Wisconsin. The Association of Unit Owners hereinafter provided for, may designate another such agent by a majority vote of the unit owners. The designation of a different agent shall become effective upon being filed with the Secretary of State of the State of Wisconsin.

12. Damage or Destruction. In the event that seventy-five percent (75%) or more of the buildings and other improvements above foundation level are destroyed by fire or other casualty and the casualty proceeds insuring the same shall be insufficient to effect complete and total reconstruction of the buildings and/or improvements damaged, then the determination as to whether or not to reconstruct or repair shall be made by a vote taken of the members of the Association within thirty (30) days from the date of the fire or casualty. Reconstruction shall proceed unless the determination not to reconstruct or repair is made by an affirmative vote of fifty-one percent (51%) of the eligible votes. Any portion of the cost of such repair and/or reconstruction of the damaged buildings and/or improvements not covered by the insurance proceeds shall be a common expense of all unit owners. If fifty-one percent (51%) of the members of the Association vote not to reconstruct or repair within the thirty (30) day period provided, then the condominium shall be subject to an action in partition and the net proceeds be distributed as provided in Section 703.18(2) (b), Wis. Stats., 1977, except that the net proceeds of insurance

for a building shall first be distributed to owners of destroyed units in proportion to the ratio of the most current appraised replacement value of each unit to the total appraised replacement value of the building of which that unit is a part, and any excess to be distributed in accordance with Section 703.18(2) (b), Wis. Stats., 1977.

In the event that any unit or units require reconstruction and/or repair which when completed causes the unit to be situated on a portion of the common element or limited common element, such encroachment shall be permitted to endure.

Reconstruction or repair as used in this Declaration shall mean restoring the damaged premises to substantially the same condition existing prior to the fire or casualty.

13. Insurance. The Board of Directors of the Association shall obtain and continue in effect insurance coverage on the buildings and other improvements upon the property in an amount equal to the full insurable replacement value, which amount shall be reviewed at least annually by the Board of Directors, affording protection against loss or damage by fire and such hazards covered by a standard extended coverage endorsement and such other risks or hazards as from time to time shall be customarily covered with respect to buildings similar in construction, location and use. Said insurance shall be for the benefit of the Association and the owners and their mortgagees as their interests may appear; provided, however, all proceeds payable by reason of said insurance shall be paid to the Association as trustee for the owners and their mortgagees for the express purpose of reconstruction and repair as provided in Section 12 hereof, or, if it is determined in the manner as provided in Section 12 hereof that the damaged premises for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be applied as provided in Section 12 hereof. In addition to the insurance coverage that the Board of Directors of the Association shall obtain as provided above, the Board of Directors shall obtain public liability insurance in such amounts and with such coverage as it may deem suitable under the circumstances and may obtain such other insurance as it shall determine from time to time to be desirable. All insurance premiums for any insurance coverage obtained by the Board of Directors shall be a common expense to be paid by assessments levied by the Association.

14. Encroachments. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction or repair of the buildings, or if any such encroachment shall occur hereafter as a result of settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist.

15. Easements for Utilities. The unit owners, the Association, and the Declarant, each have easements for utility purposes over, under, along and on any part of the common elements.

16. Easements and Access to Units. The Association shall have the right, to be exercised by the Board of Directors, to have the access to each unit during reasonable hours for the maintenance, repair, or replacement of any common elements accessible from such areas or for making emergency repairs necessary to prevent damage to the common elements or to another unit. Each unit shall be subject to an easement to the co-owners of all of the other units to and for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables and

wire outlets and utility lines of any kind and other common elements located within or accessible only from any particular unit and for support. There shall be an easement, for the benefit of unit owners and the Association, in and across all parking areas for pedestrian and vehicular ingress and egress as necessary or convenient in connection with the use by unit owners or the Association of common elements and limited common elements.

17. Easements for the Benefit of Adjacent Land. Declarant expressly declares, reserves and accepts an easement from the land described in Section 2 hereof and made subject to this Declaration, for the purposes of right of way across the said land and for the benefit of the land owned by Declarant to the North thereof and adjacent thereto.

This reservation of easement is for the purpose of providing right of way for vehicular and pedestrian traffic and ingress and egress over and upon the land subject to this Declaration, and over and upon all portions of the adjacent land referred to in this Section. This easement for ingress and egress is more particularly described as follows:

That part of Parcel 1 of Certified Survey Map No. 3121 being a redivision of Block 1 in the Highlands being a subdivision of a part of the NE1/4 and the SE1/4 of Section 7, T 8 N, R 21 E, in the City of Milwaukee, Milwaukee County, Wisconsin which is bounded and described as follows: Commencing at the Northeast Corner of Parcel 1 of Certified Survey Map No. 3121, Thence due West along the North line of Parcel 1, aforesaid 143.50 feet to a point; Thence due South 12.00 feet to a point; Thence due East 143.50 feet to a point on the West line of North 107th Street; Thence due North along the West line of North 107th Street, 12.00 feet to the point of Commencement.

In addition, Declarant expressly declares, reserves and accepts an easement from the land described in Section 2 hereof and made subject to this Declaration, for the purposes of right of way across the said land and for the benefit of the land owned by Declarant to the West and adjacent thereto.

These easements shall be for the benefit of the aforesaid adjacent land owned by the Declarant, its successors and assigns. Each unit owner, by acceptance of any deed to any unit hereunder, shall be deemed to grant to the Declarant, its successors and assigns an irrevocable power of attorney, coupled with an interest, to execute and record all documents and legal instruments necessary to carry out the provisions and intent of this paragraph. The easements here reserved shall be continuing covenants running with the land subject hereto, and shall become effective upon the first conveyance of land subject hereto.

The expense of maintaining the easement for the benefit of the land to the North of the land described in Section 2 hereof shall be shared equally by Declarant, its successors and assigns and by the Association. The Association's portion of the maintenance expense shall be a common expense.

18. Easements Run with the Land. All easements and rights set forth in this Declaration run with the land and are subject to the reasonable control of the Association. No unit owner shall do any work which would jeopardize the soundness or safety of the property, reduce the value thereof, or impair any easement or hereditament without first obtaining, in every such case, the consent of the Board of Directors of the Association.

19. Declarant's Rights in Association. Until the earlier of (1) July 1, 1982 or (2) thirty (30) days after the conveyance of seventy-five percent (75%) of the common element interests hereunder, the Declarant or its successors:

(a) Shall have the right to appoint the members of the Board of Directors of the Association as provided in Article III of the By-Laws.

(b) May, but shall not be obligated to, manage and operate the condominium property.

20. Declarant's Rights Before Sale. Declarant may use the common elements and any unsold units on such condominium property as may facilitate the sale of all units thereon, including, but not limited to, in connection therewith, constructing garages, maintaining a sales office, showing property and maintaining signs.

Declarant shall have the right, so long as Declarant or its successors owns any building and/or unit, to make minor alterations and changes to the design, location and exterior materials of a building and to alter and change the interior materials and the interior arrangement of a unit.

21. Association of Unit Owners. The affairs of the condominium established by this Declaration shall be governed by an incorporated Association in accordance with By-Laws. The Board of Directors shall consist of three (3) unit owners. The name of the unit owners' association shall be the Highlands 2 Owners Association, Inc.

22. Membership in Association. All unit owners are members of the Highlands 2 Owners Association, Inc., ("Association") which is incorporated as a nonstock, nonprofit corporation under Chapter 181 of the Statutes of the State of Wisconsin. Every unit owner shall be entitled and required to be a member of the Association. An owner of more than one unit shall be entitled to one membership for each unit owned by him. No person or entity other than a unit owner or Declarant may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to a unit. When more than one person holds an interest in any unit, all such persons shall be members.

Each unit owner and each occupant of any unit shall abide by and be subject to the duties and obligations of this Declaration and the By-Laws and rules and regulations of the Association.

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

24. Maintenance and Services. The Association shall be responsible for the exclusive management and control of the common elements, limited common elements and shall conduct all work of maintenance, repair and replacement of common elements, limited common elements and the making of any additions or improvements thereto.

25. Powers of the Association. The Association shall have the power to:

(a) Adopt budgets for revenues, expenditures and reserves and levy and collect assessments for common expenses from unit owners;

(b) Employ and dismiss employees and agents;

(c) Make contracts and incur liabilities;

(d) Regulate and impose charges for the use of common elements;

(e) Cause additional improvements to be made as a part of the common elements;

(f) Acquire, hold, incumber and convey any right, title or interest in or to real property;

(g) Grant easements through or over the common elements;

(h) Receive income derived from payments, fees or charges for the use, rental or operation of the common elements;

(i) Grant or withhold approval of any action by a unit owner or other person which would change the exterior appearance of any unit or any portion of the common or limited common elements;

(j) Make reasonable rules and regulations governing the use of the units and the common and limited common elements;

(k) Exercise any other power conferred upon the Association by this Declaration or the By-Laws or reasonably to be implied from the existence of any right, privilege or duty given by the Declaration or the By-Laws.

26. Common Expenses. The common expenses shall be charged to the owners according to the percentage of undivided interest of each in the common areas. Commencing on the first day of the first month after the conveyance of 75% of the common element interest to Purchasers, common expenses of \$30.00 per month shall be paid by each owner in accordance with Article V of the By-Laws. The Association may levy assessments from time to time for the purpose of maintaining the funds provided for in Article V from which common expenses may be paid, and such assessment shall be levied in the same percentage that common expenses are to be charged.

27. Amendment. Prior to the first meeting of the Association, this Declaration may be amended by Declarant, thereafter, this Declaration may be amended by an affirmative vote of not less than 75% of all votes entitled to be cast by unit owners at a meeting called for that purpose. No Amendment shall change the rights of the Declarant as contained in this Declaration. Copies of any Amendments adopted as provided in this paragraph shall be certified by the Declarant or the President and the Secretary of the Association in a form suitable for recording and shall be recorded with the Register of Deeds for Milwaukee County.

28. Removal. All of the unit owners may remove all or any part of the property from the Provisions of Chapter 703 of the Wisconsin Statutes by an instrument to that effect executed by all of the unit owners and duly recorded, provided that

the holders of all liens affecting any of the units consent thereto or agree that their liens be transferred to the percentage of the undivided interest of the unit owner in the property.

29. No Exemption by Waiver. No unit owner may exempt himself from liability from his contribution towards the common expenses by waiver of the use of enjoyment of the common elements or by the rental or abandonment of his unit.

30. Liability on Conveyance. In the event a voluntary conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of the common expenses up to the time of the grant or conveyance without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. The grantee shall be entitled to a statement from the Association setting forth the amount of unpaid assessments against the grantor and the grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessment against the grantor in excess of the amount set forth in such statement.

IN WITNESS WHEREOF, Towne Realty, Inc., Declarant, has caused this document to be signed by James B. Young, Vice President, and Roch Carter, Assistant Secretary, on this 18 day of July, 1979.

TOWNE REALTY, INC.

By _____
James B. Young, Vice President

By _____
Roch Carter, Asst. Secretary

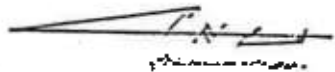
Signatures of James B. Young and Roch Carter, Vice President and Assistant Secretary of Towne Realty, Inc., respectively, authenticated this 18 day of July, 1979.

Member State Bar of Wisconsin

This instrument was drafted by Roch Carter, 105 West Michigan Street, Milwaukee, Wisconsin 53203.

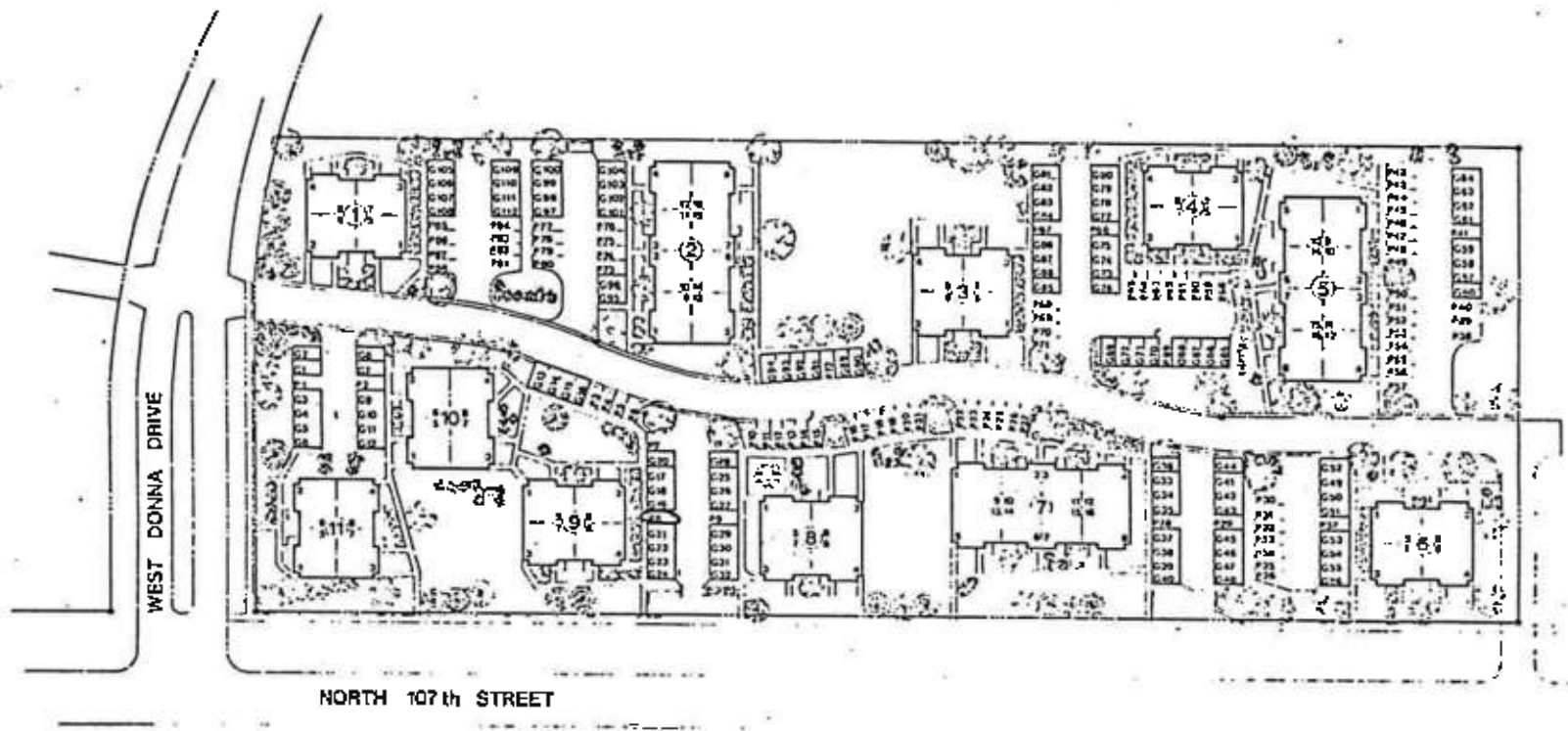
January 1978

707 46 1744-



JUN 18 1967

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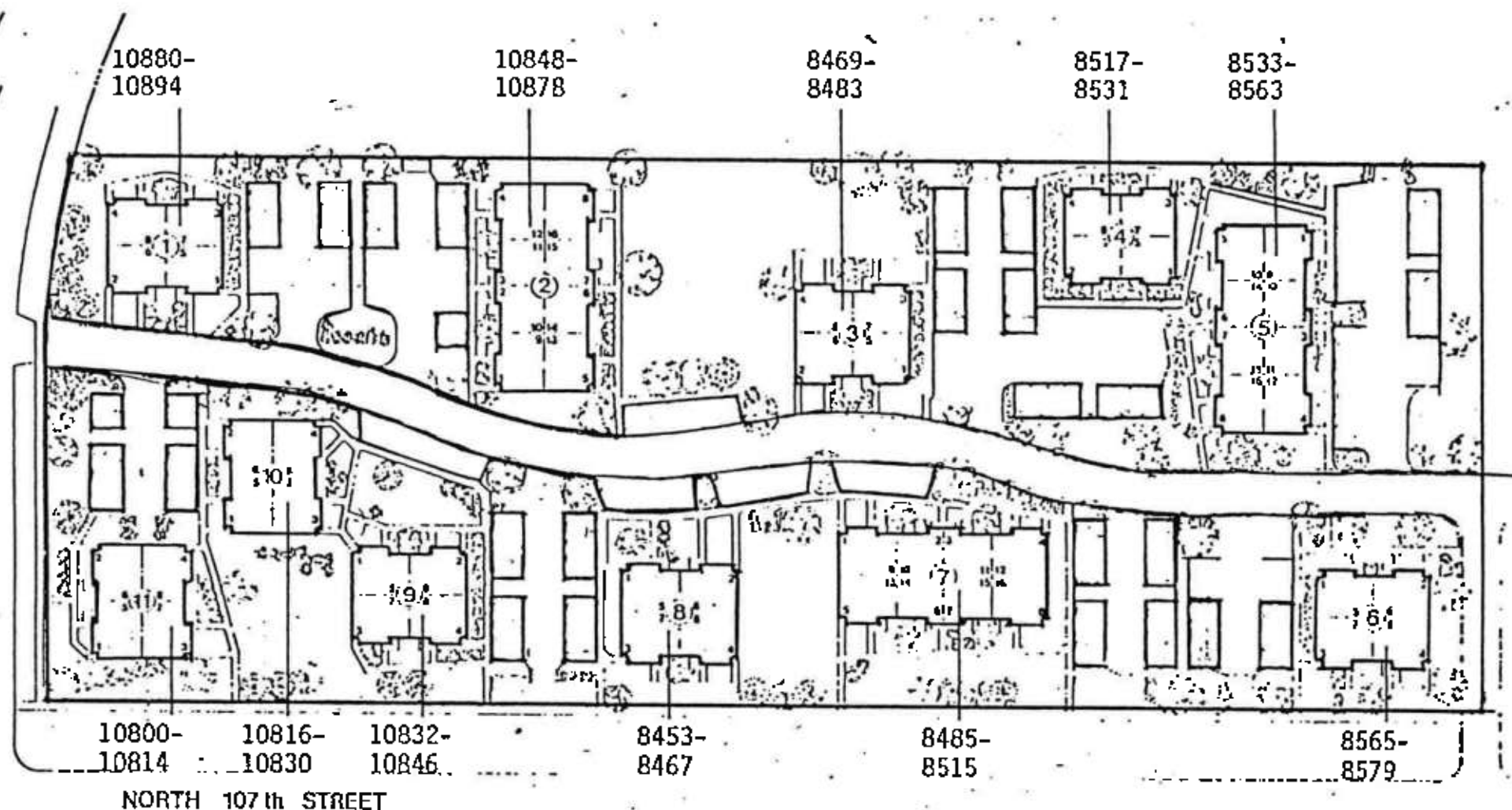


HIGHLANDS 2

EXHIBIT B

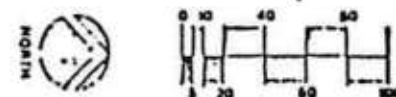


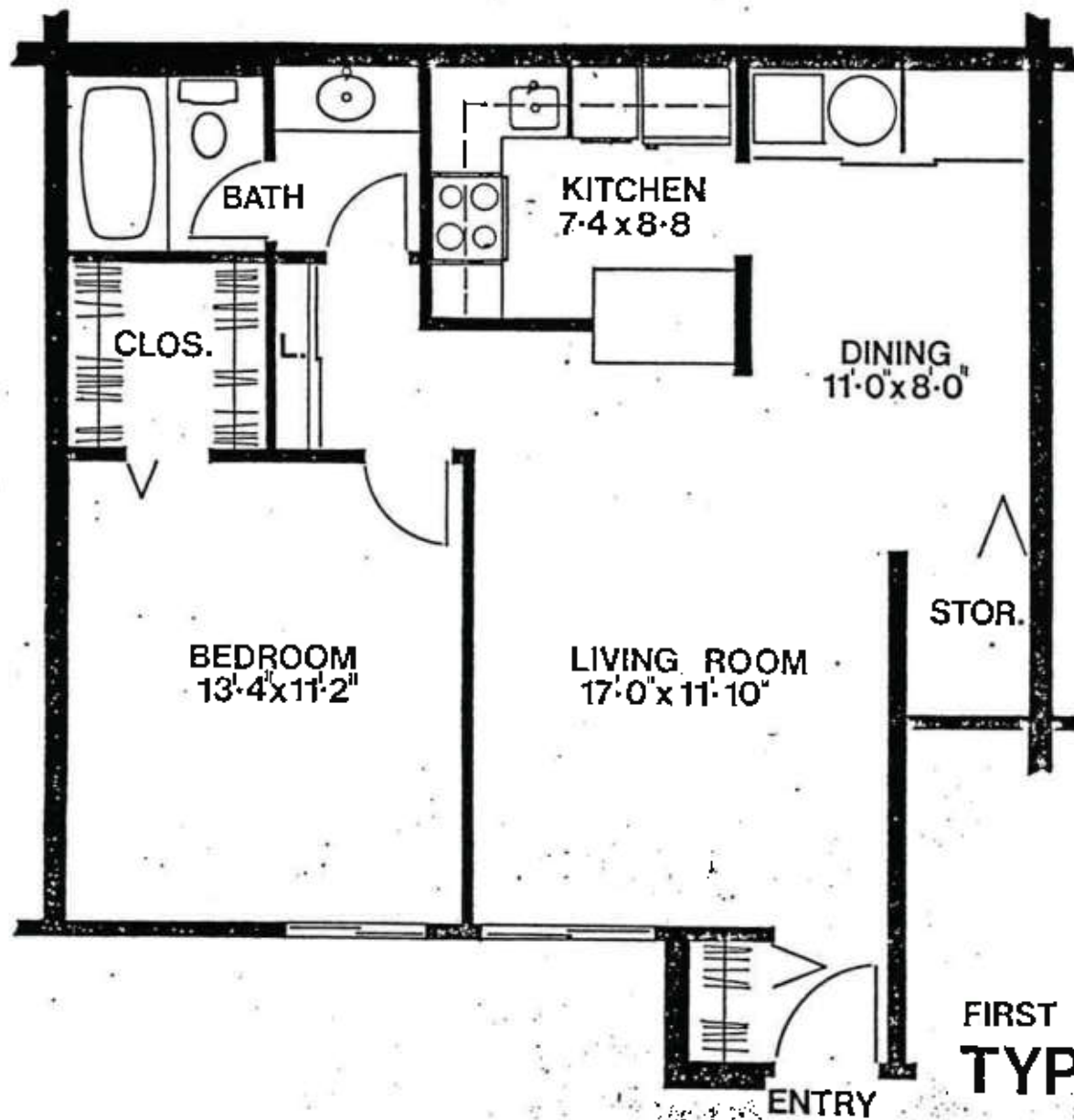
WEST DONNA DRIVE



HIGHLANDS 2

EXHIBIT B

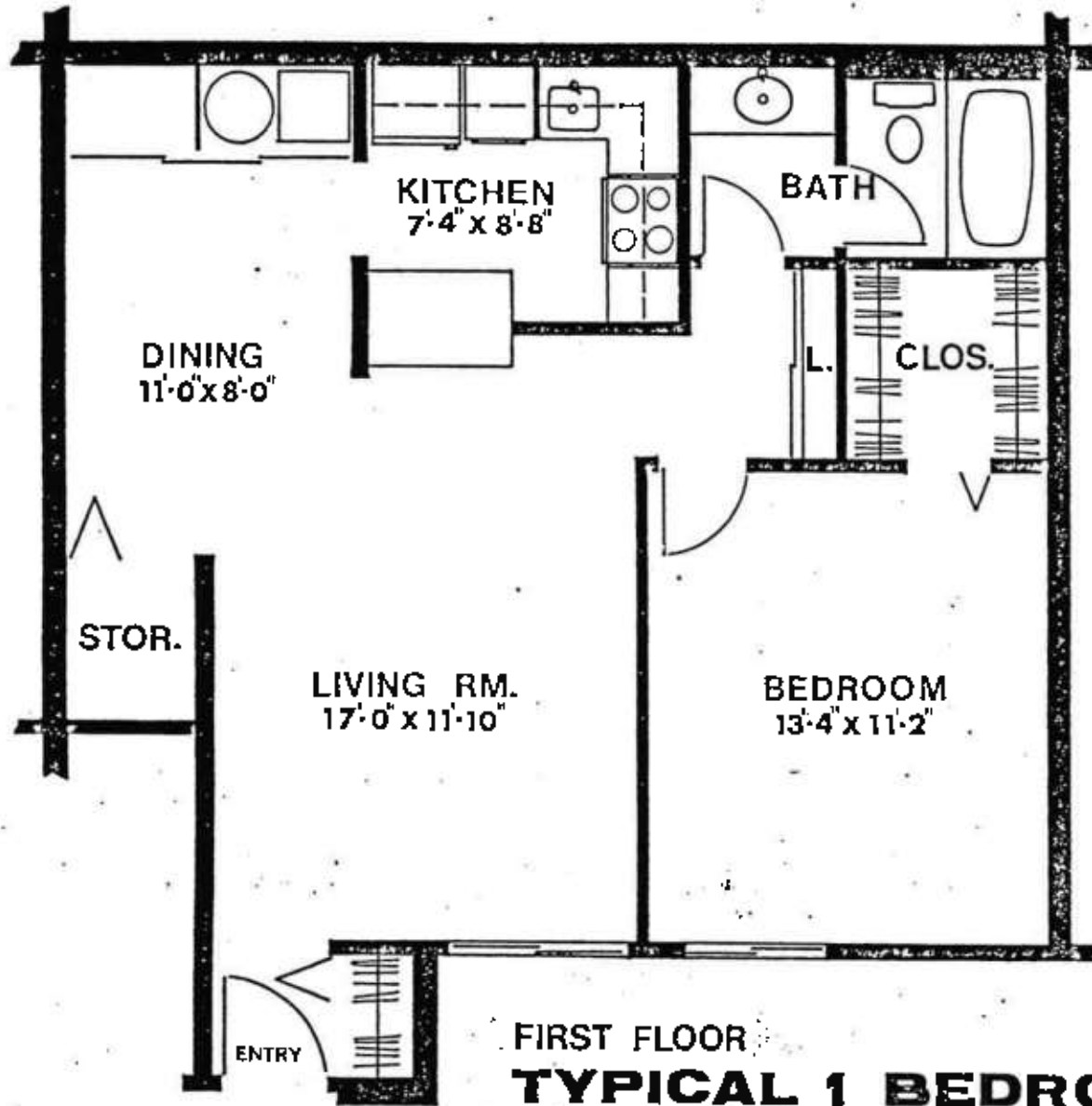




Building #2 - Unit 3, 10852 West Donna Drive
 Building #5 - Unit 3, 8537 North 107th Street
 Building #5 - Unit 6, 8543 North 107th Street
 Building #7 - Unit 3, 8489 North 107th Street
 Building #7 - Unit 6, 8495 North 107th Street

EXHIBIT C-1

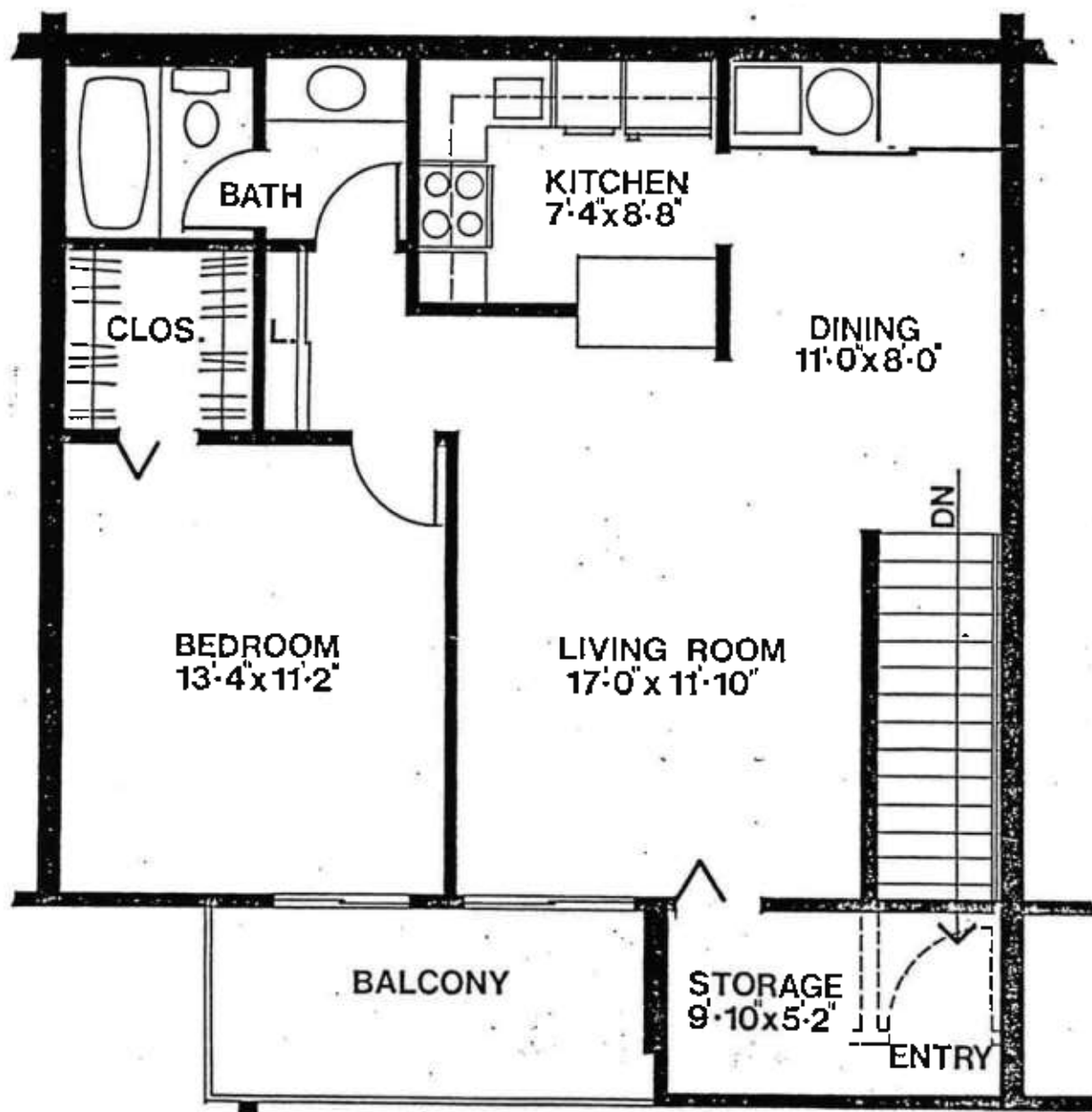
FIRST FLOOR
TYPICAL 1 BEDROOM



FIRST FLOOR
TYPICAL 1 BEDROOM

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 Building #5 - Unit 7, 8545 North 107th Street
 Building #7 - Unit 2, 8487 North 107th Street

EXHIBIT C-2

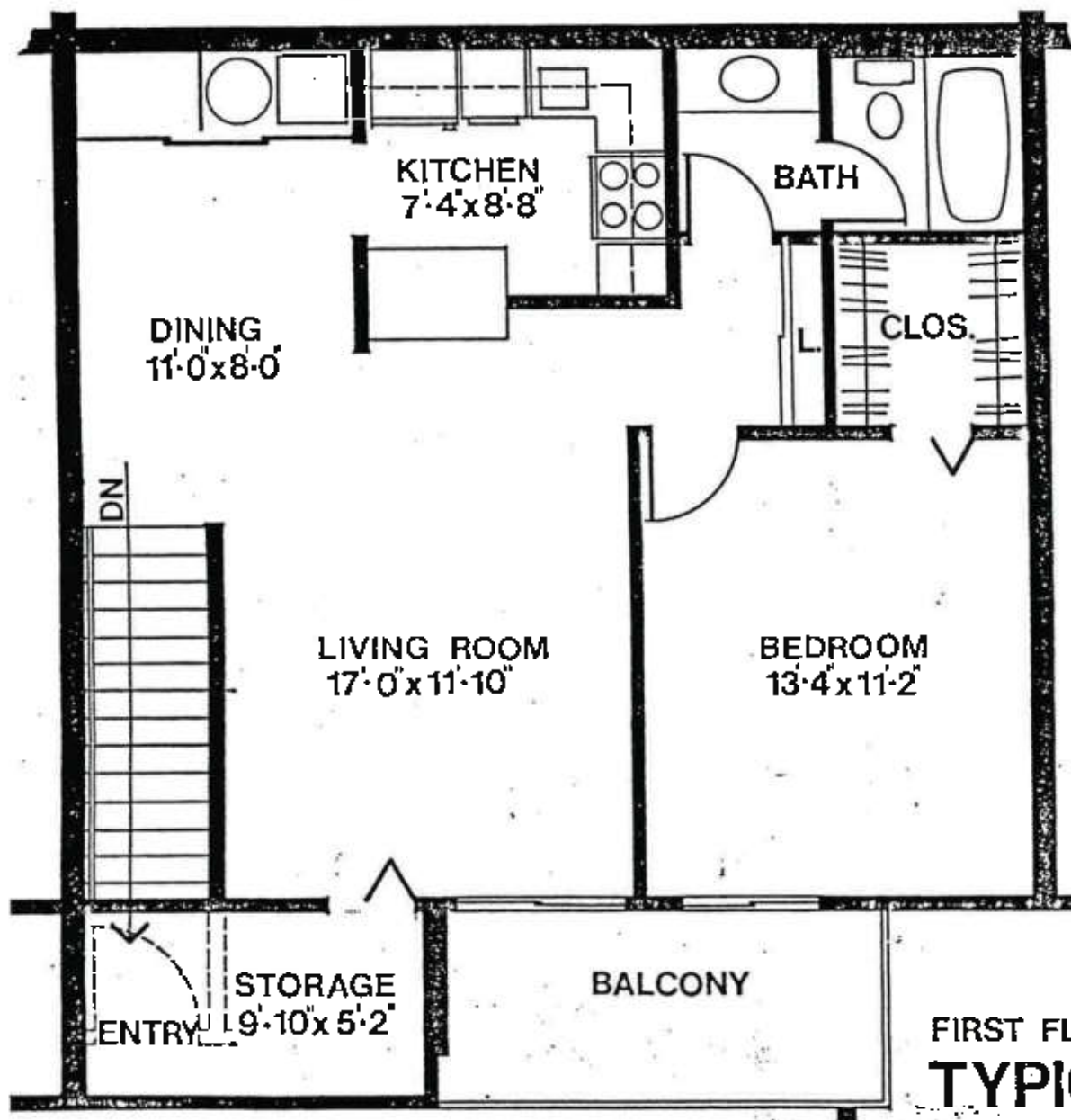


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 Building #7 - Unit 11, 8505 North 107th Street
 Building #7 - Unit 14, 8511 North 107th Street

EXHIBIT C-3

SECOND FLOOR

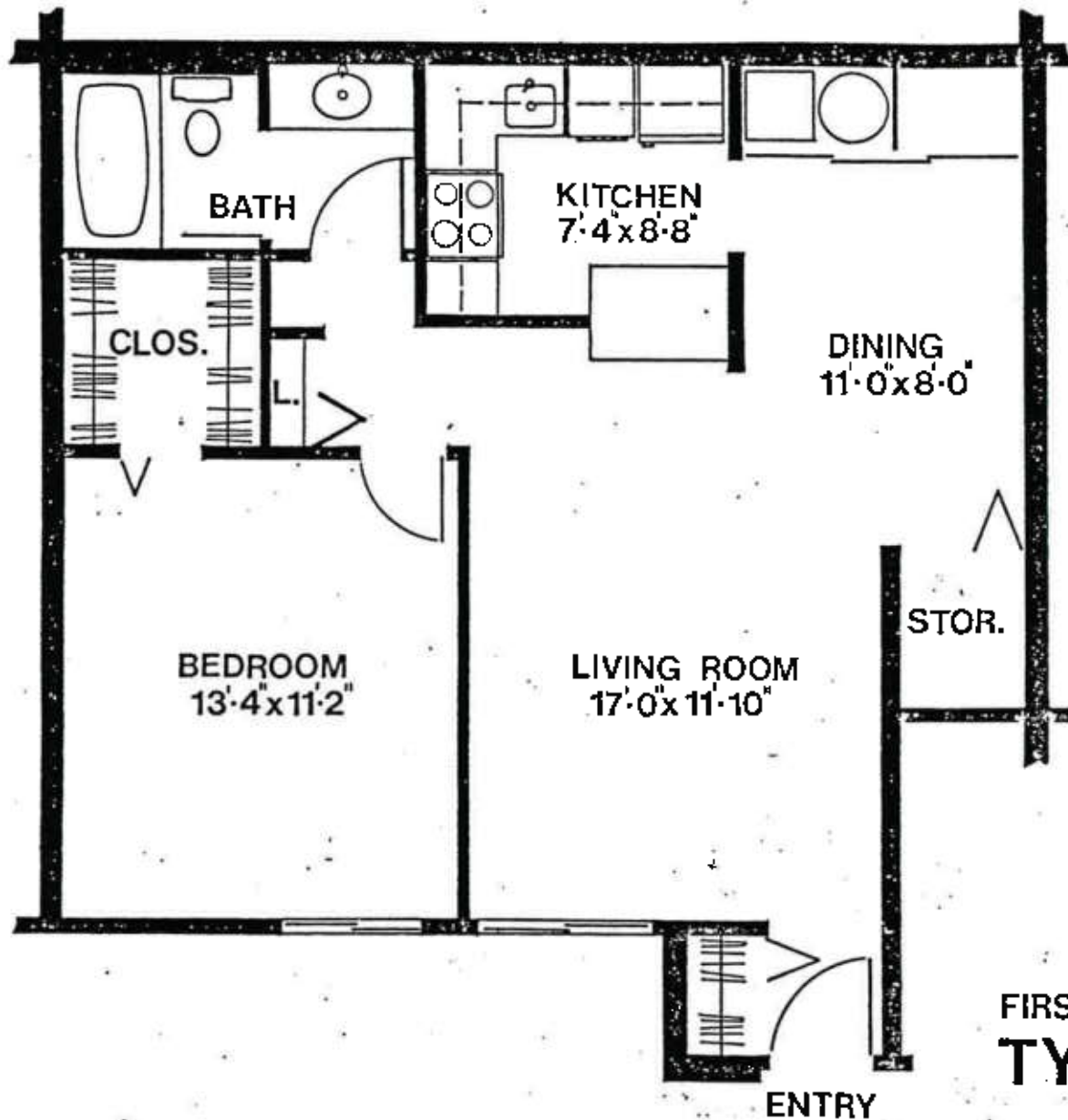
TYPICAL 1 BEDROOM



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 Building #2 - Unit 15, 10876 West Donna Drive
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 Building #7 - Unit 15, 8513 North 107th Street

EXHIBIT C-4

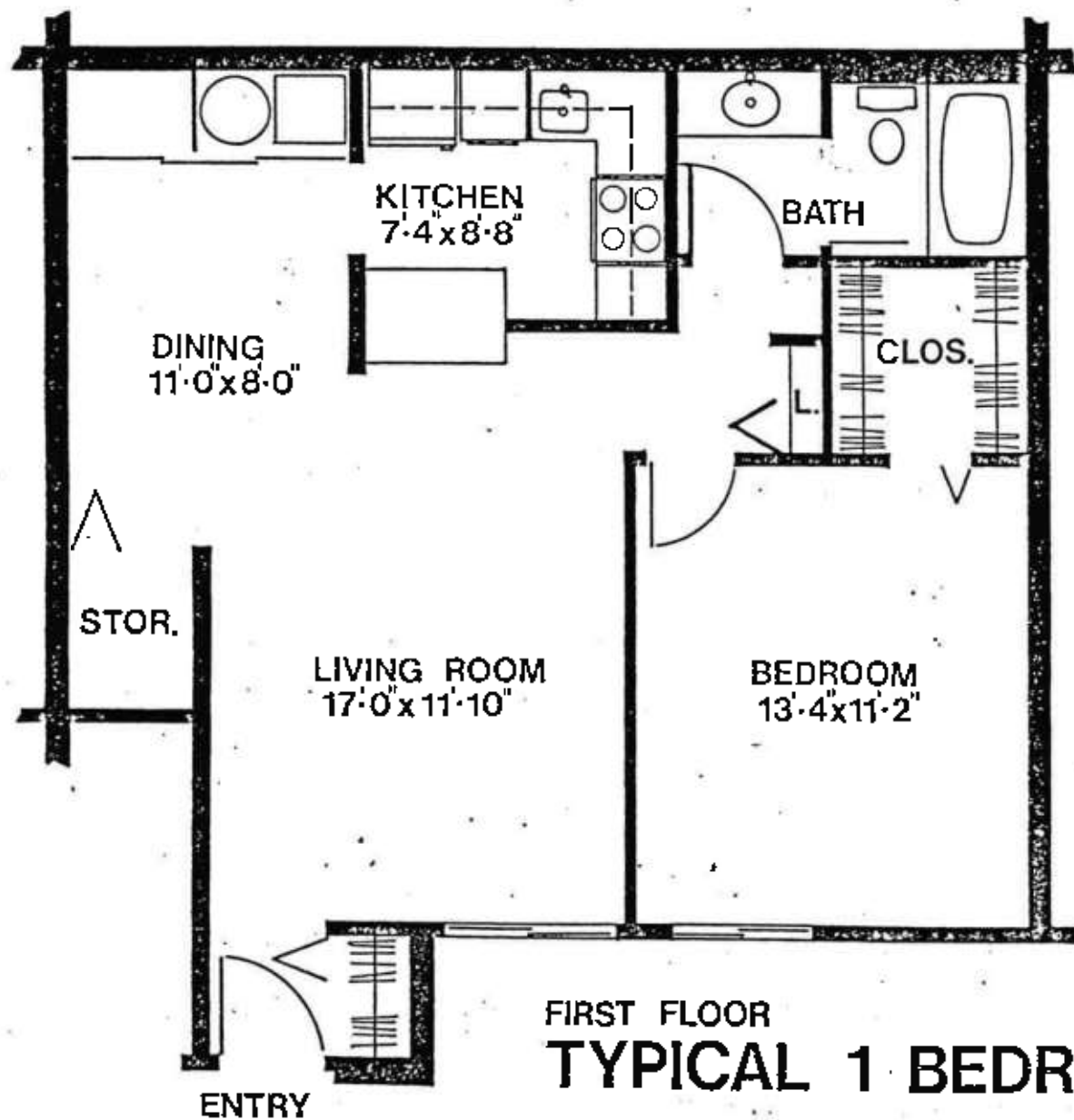
**FIRST FLOOR
 TYPICAL 1 BEDROOM**



Building #2 - Unit 6, 10858 West Donna Drive

EXHIBIT C-5

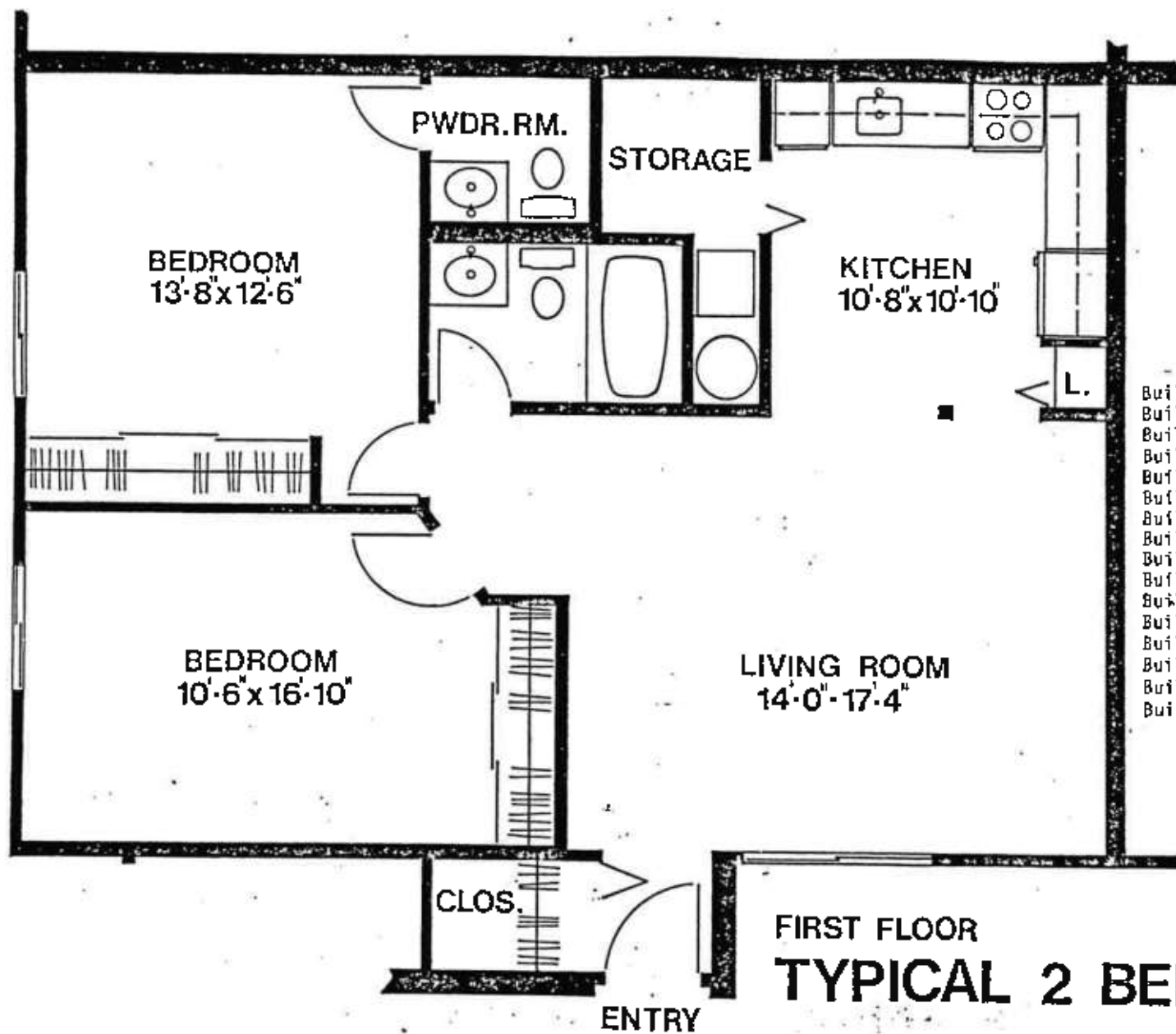
**FIRST FLOOR
TYPICAL 1 BEDROOM**



FIRST FLOOR
TYPICAL 1 BEDROOM

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Building #7 - Unit 7, 8497 North 107th Street

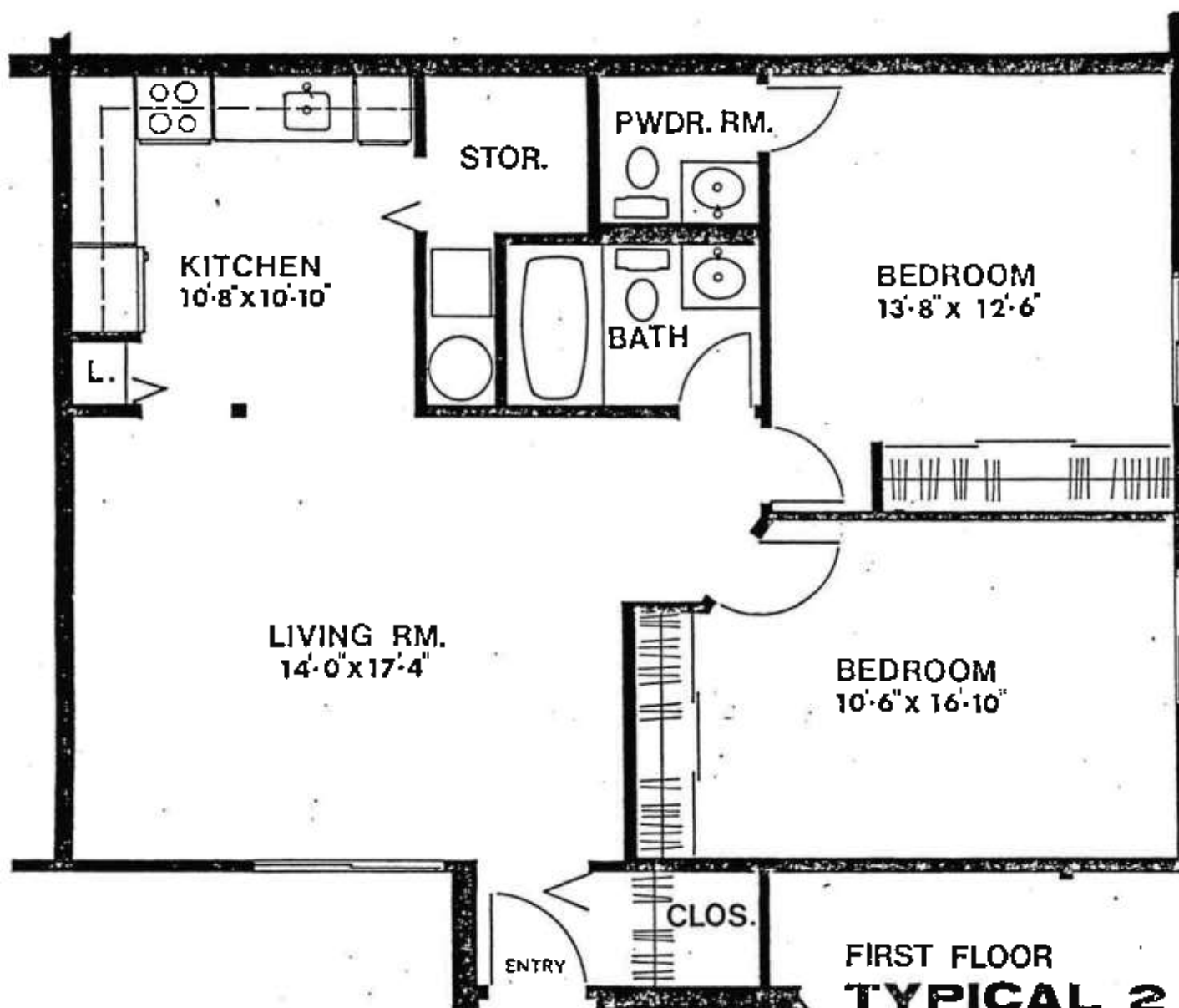
EXHIBIT C-6



Building # 1 - Unit 2, 10882 West Donna Drive
 Building # 2 - Unit 4, 10854 West Donna Drive
 Building # 3 - Unit 2, 8471 North 107th Street
 Building # 4 - Unit 2, 8519 North 107th Street
 Building # 4 - Unit 3, 8521 North 107th Street
 Building # 5 - Unit 4, 8539 North 107th Street
 Building # 5 - Unit 5, 8541 North 107th Street
 Building # 6 - Unit 2, 8567 North 107th Street
 Building # 7 - Unit 4, 8491 North 107th Street
 Building # 7 - Unit 5, 8493 North 107th Street
 Building # 8 - Unit 2, 8455 North 107th Street
 Building # 9 - Unit 2, 10834 West Donna Drive
 Building # 9 - Unit 3, 10836 West Donna Drive
 Building # 10 - Unit 3, 10820 West Donna Drive
 Building # 11 - Unit 2, 10802 West Donna Drive
 Building # 11 - Unit 3, 10804 West Donna Drive

EXHIBIT C-7

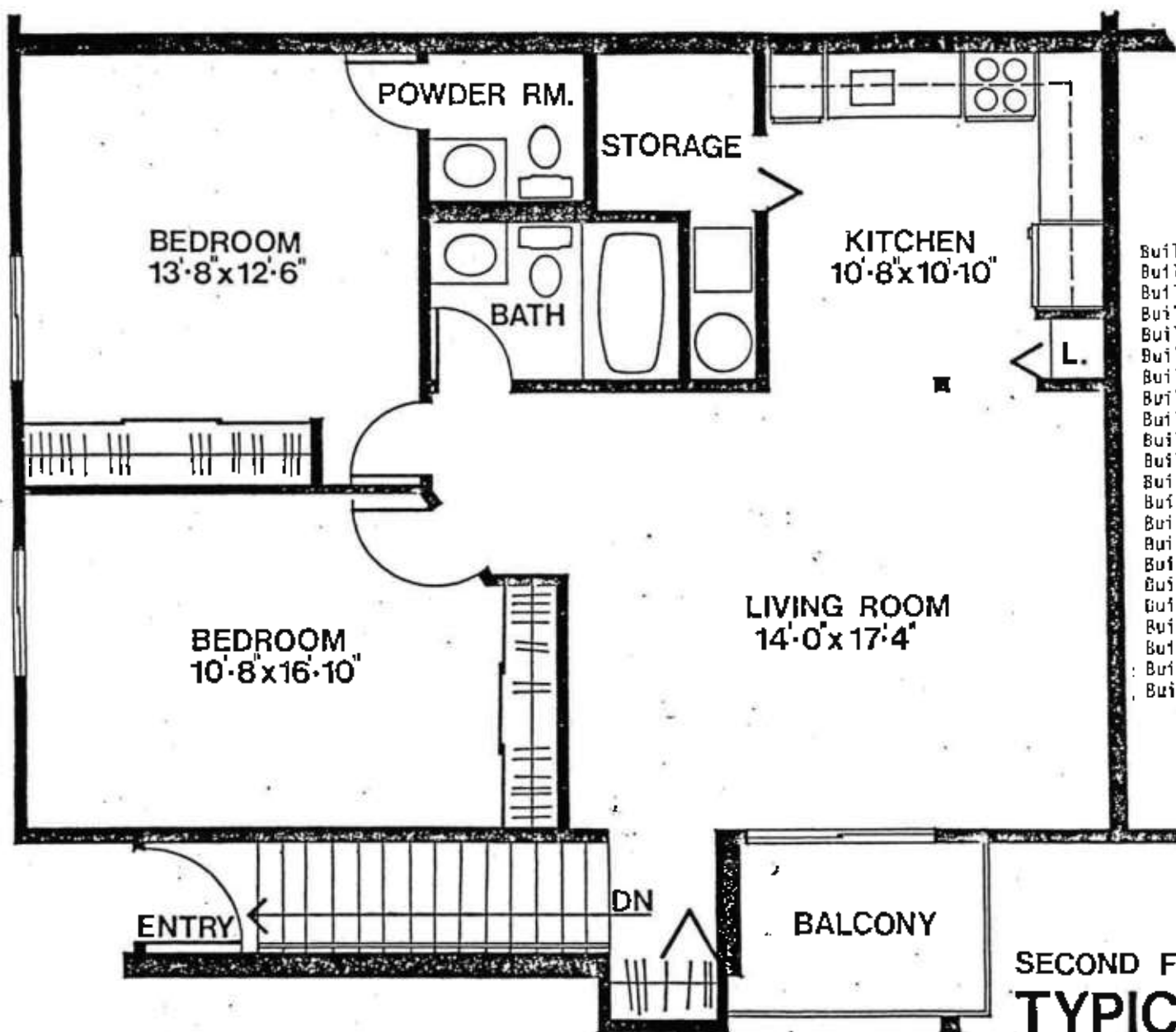
**FIRST FLOOR
TYPICAL 2 BEDROOM**



Building # 1 - Unit 1, 10880 West Donna Drive
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 Building # 3 - Unit 1, 8469 North 107th Street
 Building # 3 - Unit 4, 8475 North 107th Street
 Building # 4 - Unit 1, 8517 North 107th Street
 Building # 5 - Unit 8, 8547 North 107th Street
 Building # 6 - Unit 1, 8565 North 107th Street
 Building # 6 - Unit 4, 8571 North 107th Street
 Building # 7 - Unit 1, 8485 North 107th Street
 Building # 8 - Unit 1, 8453 North 107th Street
 Building # 8 - Unit 4, 8459 North 107th Street
 Building # 9 - Unit 1, 10832 West Donna Drive
 Building # 10 - Unit 1, 10816 West Donna Drive
 Building # 10 - Unit 4, 10822 West Donna Drive
 Building # 11 - Unit 1, 10800 West Donna Drive

EXHIBIT C-8

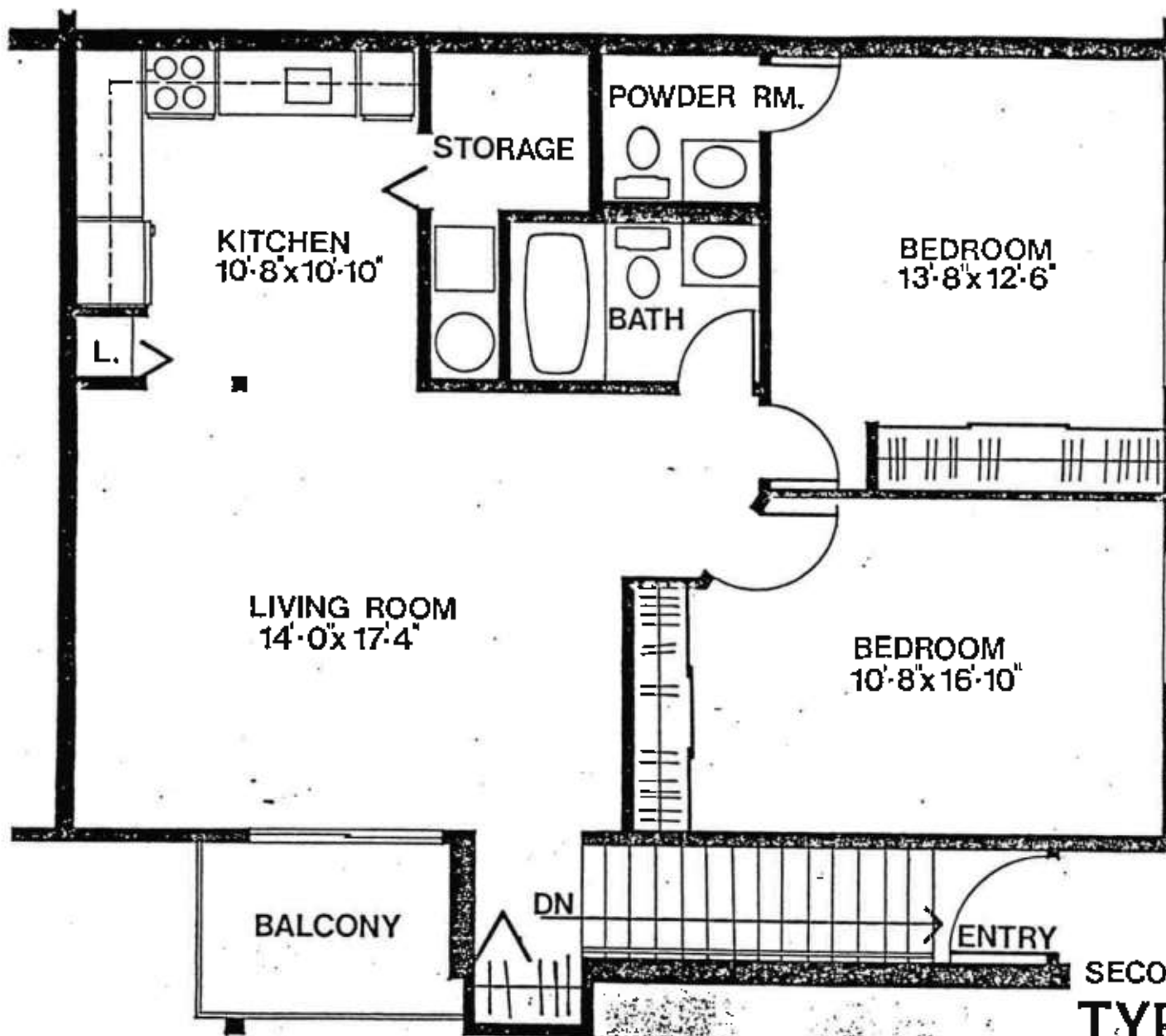
**FIRST FLOOR
TYPICAL 2 BEDROOM**



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 Building # 1 - Unit 7, 10892 West Donna Drive
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 Building # 3 - Unit 6, 8479 North 107th Street
 Building # 3 - Unit 7, 8481 North 107th Street
 Building # 4 - Unit 6, 8527 North 107th Street
 Building # 4 - Unit 7, 8529 North 107th Street
 Building # 5 - Unit 12, 8555 North 107th Street
 Building # 5 - Unit 13, 8557 North 107th Street
 Building # 6 - Unit 6, 8575 North 107th Street
 Building # 6 - Unit 7, 8577 North 107th Street
 Building # 7 - Unit 12, 8507 North 107th Street
 Building # 7 - Unit 13, 8509 North 107th Street
 Building # 8 - Unit 6, 8463 North 107th Street
 Building # 8 - Unit 7, 8465 North 107th Street
 Building # 9 - Unit 6, 10842 West Donna Drive
 Building # 9 - Unit 7, 10844 West Donna Drive
 Building # 10 - Unit 6, 10826 West Donna Drive
 Building # 10 - Unit 7, 10828 West Donna Drive
 Building # 11 - Unit 6, 10810 West Donna Drive
 Building # 11 - Unit 7, 10812 West Donna Drive

EXHIBIT C-9

SECOND FLOOR
TYPICAL 2 BEDROOM

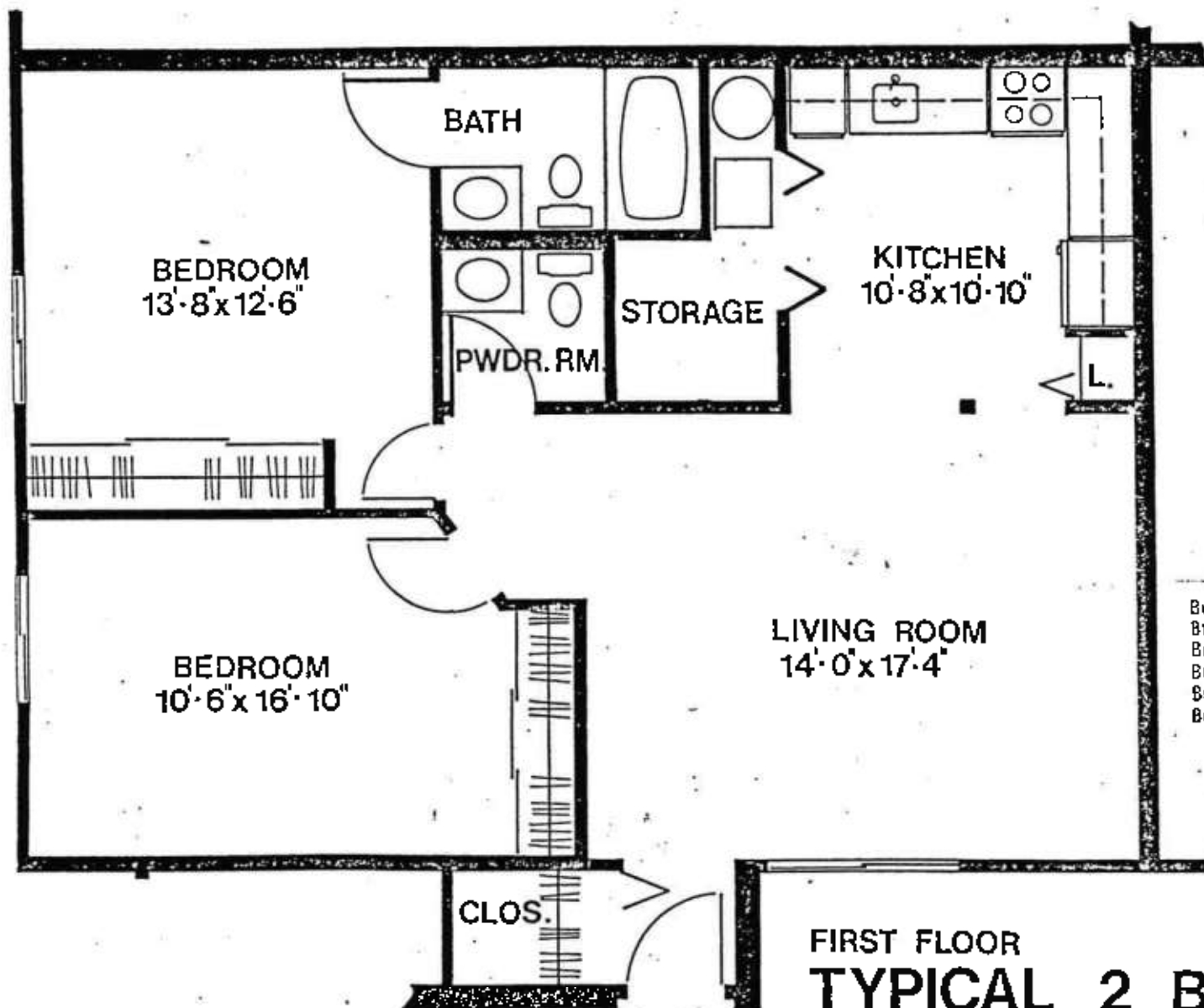


- Building # 1 - Unit 5, 10888 West Donna Drive
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- Building # 2 - Unit 9, 10864 West Donna Drive
- Building # 2 - Unit 16, 10878 West Donna Drive
- Building # 3 - Unit 5, 8477 North 107th Street
- Building # 3 - Unit 8, 8483 North 107th Street
- Building # 4 - Unit 5, 8525 North 107th Street
- Building # 4 - Unit 8, 8531 North 107th Street
- Building # 5 - Unit 9, 8549 North 107th Street
- Building # 5 - Unit 16, 8563 North 107th Street
- Building # 6 - Unit 5, 8573 North 107th Street
- Building # 6 - Unit 8, 8579 North 107th Street
- Building # 7 - Unit 9, 8501 North 107th Street
- Building # 7 - Unit 16, 8515 North 107th Street
- Building # 8 - Unit 5, 8461 North 107th Street
- Building # 8 - Unit 8, 8467 North 107th Street
- Building # 9 - Unit 5, 10840 West Donna Drive
- Building # 9 - Unit 8, 10846 West Donna Drive
- Building #10 - Unit 5, 10824 West Donna Drive
- Building #10 - Unit 8, 10830 West Donna Drive
- Building #11 - Unit 5, 10808 West Donna Drive
- Building #11 - Unit 8, 10814 West Donna Drive

EXHIBIT C-10

SECOND FLOOR

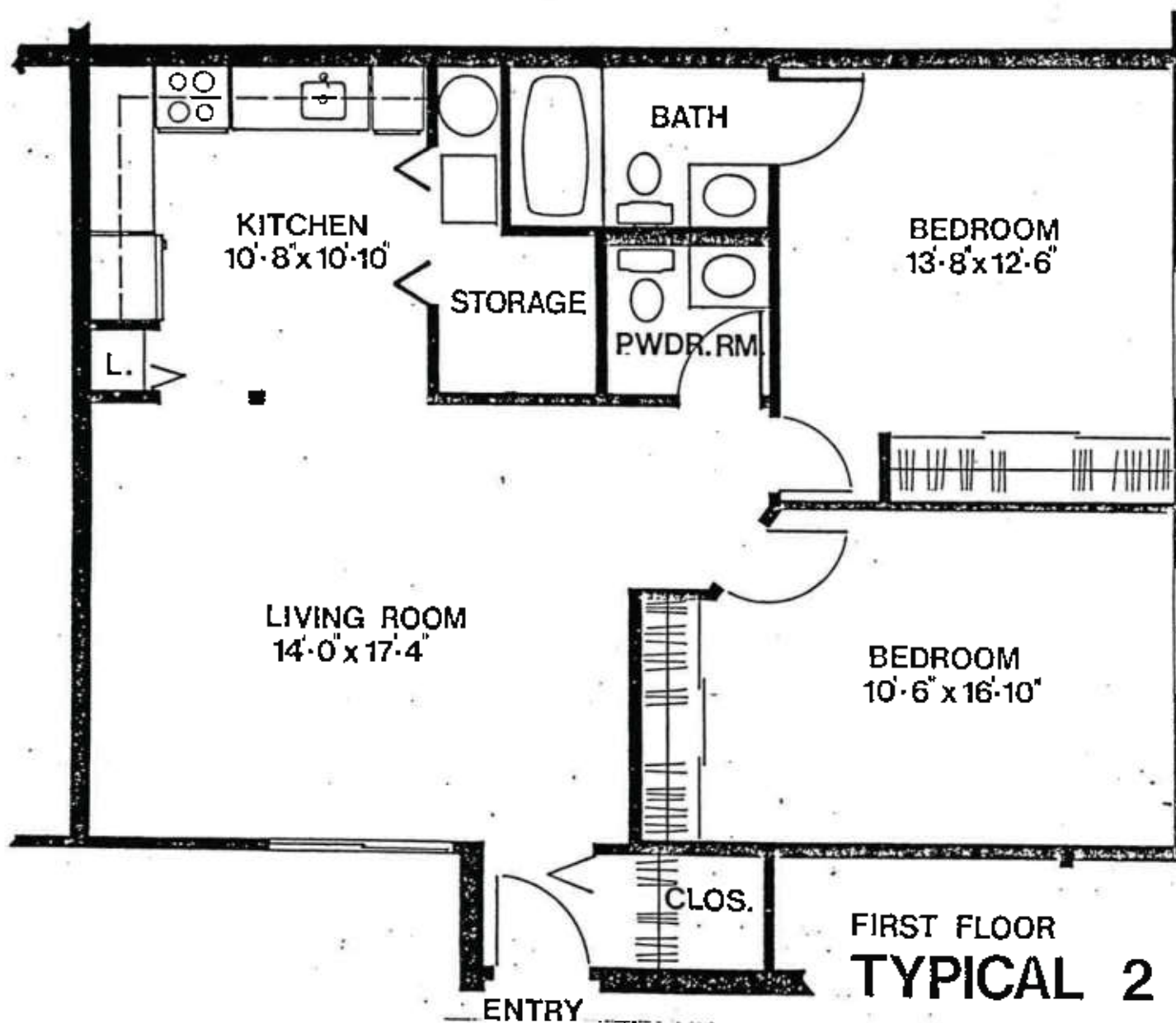
TYPICAL 2 BEDROOM



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 Building # 6 - Unit 3, 8569 North 107th Street
 Building # 8 - Unit 3, 8457 North 107th Street
 Building #10 - Unit 2, 10812 West Donna Drive

EXHIBIT C-11

**FIRST FLOOR
TYPICAL 2 BEDROOM**



Building # 4 - Unit 4, 8523 North 107th St.
 Building # 5 - Unit 1, 8533 North 107th St.
 Building # 7 - Unit 8, 8499 North 107th St.
 Building # 9 - Unit 4, 10838 West Donna Dr.
 Building #11 - Unit 4, 10806 West Donna Dr.

EXHIBIT C-12

**FIRST FLOOR
TYPICAL 2 BEDROOM**

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION C

BY-LAWS

BY-LAWS

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

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BY-LAWS

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

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BY-LAWS

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

ARTICLE I

Name and Purpose

Pursuant to the Articles of Incorporation of Highlands 2 Owners Association, Inc., and the Declaration of Condominium of Highlands 2 recorded in the office of the Register of Deeds for Milwaukee County, Wisconsin, (hereinafter called the "Declaration"), by Towne Realty, Inc., a Wisconsin corporation, (together with its successors and assigns hereinafter "Declarant"), the following are adopted as the By-Laws of Highlands 2 Owners Association, Inc., (hereinafter sometimes referred to as the "Association"), which is a nonprofit corporation formed and organized to serve as an association of unit owners who own real estate and improvements, (hereinafter the "Property"), under the condominium form of use and ownership, as provided in the Condominium Ownership Act under the laws of the State of Wisconsin and subject to the terms and conditions of the Declaration.

These By-Laws shall be deemed covenants running with the land and shall be binding on the unit owners, tenants, future tenants, their heirs, administrators, executors, successors, and assigns, employees, or any other person that might use the facilities of the Condominium project in any manner. The mere acquisition or rental of any of the units of the Condominium project or the mere act of occupancy of any of said units will signify that these By-Laws and their provisions are accepted, ratified, and will be complied with. (1/14/82)

ARTICLE II

Members, Voting and Meetings

2.1 Members. This corporation shall have one class of members, and the rights and qualifications of the members are as follows:

a. Unit Owner Members. Every residential unit owner upon acquiring title to a residential unit, under the terms of the Declaration, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such unit ceases for any reason, at which time his membership in the Association shall automatically cease.

b. One Membership Per Unit. If title to a unit is held by more than one person, the membership related to that unit shall be shared by such owners in the same proportionate interests and by the same type of tenancy in which the title to the unit is held. A unit owner shall be entitled to one membership for each unit owned by him.

c. Transfer of Membership. Each such membership shall be appurtenant to the unit upon which it is based and shall be transferred automatically upon transfer of title of that unit. Membership in the Association may not be transferred, except in connection with the transfer of title to a unit. Upon transfer of a unit, the Association shall, as soon as possible thereafter, be given written notice of such transfer, including the name of the new owner, identification of unit, date of transfer, and information about the transfer which the Association may deem pertinent.

2.2 Voting Rights. Each member shall be entitled to the number of votes as set forth in the Declaration.

2.3 Voting. A majority of the total votes present and entitled to vote at a meeting at which a quorum is present shall be binding upon all unit Owners for all purposes except when a higher percentage is required by these By-Laws, the Declaration or by law.

2.4 Quorum and Proxies for Members' Meetings. A quorum for members' meetings shall consist of one-third (1/3) of votes entitled to vote. Votes may be cast in person or by proxy. Proxies shall be in writing and shall be valid only for the particular meeting or time period, not to exceed 180 days, designated therein, unless sooner revoked, and must be filed with the Secretary before the appointed time of the meeting. The vote of the owners of a unit owned by more than one person or by some other entity shall be cast by a person named in a certificate signed by all of the owners of the unit and filed with the Secretary of the Association. If any meeting of members cannot be held because a quorum is not present, a majority of the members who are present and entitled to vote either in person or by proxy, may adjourn the meeting from time to time until a quorum is present without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.5 Time, Place, Notice and Calling of Members' Meetings. Written notice of all meetings stating the time and place and the purpose for which the meeting is called shall be given by the President or Secretary, unless waived in writing, to each member at his address as it appears on the books of the Association and shall be mailed, or personally delivered, not less than twenty (20) days prior to the date of the meeting. This notice provision shall apply for either regular or special meetings of the Association. Notice of any such meeting may be waived before any such meeting. Meetings shall be held at such time and place as may be designated by the Board of Directors. The annual meeting shall be held on the second Monday in March of each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members. Special meetings of the members shall be held whenever called by the President or any two members of the Board of Directors and must be called by such officers upon the receipt of a written request signed by members of one third or more of all votes entitled to be cast, subject to the notice provision herein contained. (1/10/83).

ARTICLE III

Board of Directors

3.1 Make-up and Term of Board of Directors. The condominium property and all of the affairs of the Association shall be managed by a Board of Directors, which shall consist of five (5) members. The initial Board, (and its successors where applicable), shall be designated and appointed by the Declarant, and notwithstanding the provisions of Article 3.3 below. Prior to the conveyance of twenty-five percent (25%) of the common interest element, a meeting of the Association shall be held and the unit owners, other than Declarant, shall elect one (1) director who shall serve with two (2) directors designated and appointed by Declarant. These three (3) directors shall constitute the interim Board of Directors and shall serve until a Board of Directors is elected pursuant to Article 3.3, below. (1/14/82)

At the annual meeting at which the first permanent Board of Directors is elected, members shall elect two (2) directors for a one (1) year term, two (2) directors for a two (2) year term, and one (1) director for a three year term, and at each annual meeting thereafter, the members shall elect replacement directors as terms shall expire. (1/14/82)

Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be

filled by the remaining Directors.

3.2 Powers and Duties of the Board of Directors. All powers and duties of the Association shall be exercised by the Board of Directors. Such powers and duties shall be exercised in accordance with the enumerated provisions of the Declaration and the Articles of Incorporation. The Board of Directors shall have the powers and duties necessary for the complete administration of the affairs of the Condominium Association and may do all such acts and things in connection therewith. The Board of Directors may, but shall not be required to, engage the services of a manager to administer the Condominium property and the affairs of the Association. (1/14/82)

3.3 Election and Term of Directors. Not later than 30 days after the conveyance of seventy-five percent (75%) of the common element interest, the Association shall hold a meeting and the unit owners, other than Declarant, shall elect three (3) directors, all of whom shall be unit owners. These directors shall serve until the next regular annual meeting of the Association. At the annual meeting of the Association, the members shall elect three (3) directors, (first permanent board), to serve until their term expires and until their successors are duly elected and qualified, or until any of said directors shall have been removed in the manner provided hereinafter.

3.4 Vacancies on Board. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the members shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected at the next annual meeting of the members.

3.5 Removal of Directors. At any regular or special meeting, duly called, any one or more of the directors may be removed with or without cause by a majority of the votes of the members entitled to be cast and a successor may then and there be elected to fill the vacancy thus created. Any director who's removal has been proposed by the members shall be given an opportunity to be heard at said meeting. (1/14/82)

3.6 Regular Meetings and Notice. A regular annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the members. Notice of the regular meeting of the Board of Directors shall not be required.

3.7 Special Meetings and Notice. Special meetings of the Board of Directors may be called by the President or by two (2) Directors on three (3) days prior written notice to each Director, given personally or by mail, which notice shall state the time, place and purpose of the meeting.

3.8 Waiver of Notice. Before, at, or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be waiver of notice by him of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.9 Quorum of Directors - Adjournments. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at

which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time without further notice. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted.

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

3.11 Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Association, if such persons (a) exercised and used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Association or upon statements made or information furnished by officers or employees of the Association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.

ARTICLE IV

Officers

4.1 Designation, Election and Removal. The principal officers of the Association shall be a President, Vice President, Secretary and Treasurer to be appointed annually by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer or an Assistant Secretary or both, as may, in its judgment, be deemed necessary. Any appointed officer shall serve at the pleasure of the Board of Directors. Upon the affirmative vote of a majority of the members of the Board of Directors, an officer may be removed, either with or without cause, and his successor shall be elected at the regular meeting of the Board of Directors, or at any special meeting called for that purpose.

4.2 President. The President shall be elected from among the members of the Board of Directors and shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of President, including but not limited to, the power to sign, together with any other officer designated by the Board, any contracts, checks, drafts or other instruments on behalf of the Association in accordance with the provisions herein. He shall have the power to appoint committees from among the Unit Owners from time to time as he, in his sole discretion, decides to assist in the conduct of the affairs of the Association.

4.3 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

4.4 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall have charge of the Association's minute book, and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall also maintain a list of the names and addresses of all unit owners. The Secretary, with the assistance of a unit owner appointed by the President, shall count votes at meetings of the Association.

4.5 Treasurer. The Treasurer shall have responsibility for the Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and financial records and books of account belonging to the Association. He shall be responsible for the deposit of all monies and all valuable effects in the name, and to the credit, of the Association and such depositories as made from time to time be designated by the Board of Directors. The Treasurer shall also be responsible for the billing and collection of all common charges and assessments made by the Association. The Treasurer shall have the authority to sign and verify a statement of a Condominium lien arising from any unpaid assessment. The Treasurer, with the express written approval of the Board, may delegate any of the foregoing responsibilities including but not limited to general accounting functions and systems to the duly designated management agent or company. (1/14/82)

ARTICLE V

Operation of the Property

5.1 Annual Operating Charges. The Board of Directors shall prepare an annual operating budget for the Association in order to determine the amount of common charges payable by the members to meet the common expenses of the Association for the ensuing year. The budget shall be prepared and determined by December 15 of each calendar year and the amounts required by such budget shall be allocated among the members of the Association according to their respective percentages of ownership in the common areas as set forth in the Declaration. The initial assessment shall be \$35.00 per month. Said assessment shall commence on the first day of the first month after conveyance of 75% of the common element interest to purchasers. (3/11/85)

The Board of Directors shall advise all members of the Association in writing of the amount of common charges payable by each of them by the second Monday in January of each year and shall furnish to each member copies of the budget on which such common charges are based. (3/11/85)

The budget may provide for two funds, one of which would be designated the "operating fund" and the other the "reserve fund". The operating fund would be used for all common expenses which occur with greater than annual frequency, such as amounts required for the cost of wages, materials, insurance, services and supplies. The reserve fund would be used for contingencies and replacement expenses. In the event that the Association incurs extraordinary expenditures not originally included in the annual estimate, then such sums as may be required would first be charged against the reserve fund. In the event that both funds prove inadequate to meet the necessary common expenses, the Board of Directors may, without first obtaining the required approval of the Association, levy a further assessment which shall be charged to each owner in proportion to his interest as set forth herein. Notwithstanding same, if the Board of Directors obtains the approval for such special

assessment from 67% of the members entitled to vote, then the Board of Directors may levy a special assessment for such contingencies or replacements without first charging same or any sum against the reserve fund. (3/11/85)

The reserve fund may be used to discharge construction liens or other encumbrances levied against the entire property, or any part thereof which may constitute a lien against the common property rather than against the unit interest of particular owners. The unit owners responsible for any such lien shall be specifically assessed for the full amount thereof.

The Directors may also use the reserve fund for the maintenance and repair of any unit if such maintenance and repair is necessary to protect the common property. The full amount of the cost of any such maintenance or repair shall be specifically assessed to the unit owner responsible thereof.

All of the preceding shall constitute common expenses and charges and this assessment shall be paid in monthly installments to the Association on or before the first day of each month. If not paid within ten days of the due date, the charges shall be in default and shall bear the highest interest rate allowed and provided by law at said time. A late charge of \$10.00 will also be imposed for each delinquent and defaulted assessment. Further, the Board of Directors may commence suit to recover a money judgment for any unpaid common expense, interest and/or late charge without foreclosing or waiving any lien rights securing same. (1/14/82)

In the event of a failure on the part of a unit owner to pay any installment of the assessment within the time herein specified, such shall constitute a default hereunder and, in the event of such default, all of the unpaid balance of the assessment for the year in which the default occurs shall immediately become due and payable. In addition, the lien arising from any unpaid assessment may be enforced and foreclosed by the Association according to law. In the event of such action by the Association, it shall be entitled to recover costs and actual attorneys fees. Further, the Board of Directors shall take appropriate measures to collect the unpaid assessments as may be allowable by law. The costs of collection, including actual attorneys fees, shall be borne by the defaulting unit owner. No unit owner who is in default in the payment of his common expense assessment shall be entitled to vote at any regular or special meeting of the members of the Association.

Resolved, that Article V, entitled "Annual Operating Charges" is hereby amended to create Section 5.2 which shall read as follows:

5.2 Annual Operating Charges. Any fees, charges, fines or other such and similar monies assessed, levied or imposed by the Board of Directors on behalf of the Association against the unit owner or individual residing in any said unit under any tenancy agreement or other similar arrangement arising out of or in connection with or as a result of any violation of or infraction of or contravention of any rule or regulation governing the use and welfare of the Condominium project or common areas shall be considered to be an assessment in accordance with these By-Laws and Chapter 703 of the Wisconsin Statutes and shall constitute a lien on the unit of the offending member and may be enforced by the Board of Directors on behalf of the Association in accordance with the provisions of Chapter 703 of the Wisconsin Statutes. (1/10/83)

ARTICLE VI

Duties and Obligations of Unit Owners

6.1 Rules and Regulations. The units and the common areas and facilities and limited common areas (hereinafter in this paragraph sometimes collectively referred to as "commons") shall be occupied and used in accordance with the Declaration, the Articles of Incorporation, these By-Laws, and the rules and regulations of the Association, including the following:

a. Use. No residential unit owner shall occupy or use his unit or the limited common elements appurtenant thereto, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner, the owner's family, or the owner's lessees or guests.

b. Obstructions. There shall be no obstruction of the common elements and nothing shall be stored therein without the prior consent of the Association.

c. Parking. No parking space assigned to a unit owner shall be used other than as a motor vehicle parking space. No vehicle shall be parked in any parking space so as to obstruct any other parking space.

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

e. Signs. No sign of any kind shall be displayed to public view on or from any unit or the common elements without the prior consent of the Association.

f. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any unit or in the common elements, except that one dog, cat or other household pet, not exceeding fifteen (15) pounds in weight may be kept in a unit, subject to the rules and regulations which may be hereafter adopted by the Association regarding same.

g. Noxious Activity. No noxious or offensive activity shall be carried on in any units or in the common elements, nor shall anything be done therein which may be or become an annoyance or nuisance to others.

h. Alteration, Construction or Removal. Nothing shall be altered or constructed in or removed from the common elements, except upon the written consent of the Association.

i. Conflict. The above rules and regulations, and those which may be hereinafter adopted by the Association, are in addition to the Declaration and the documents, contracts, declarations and easements set forth in the Declaration, and in the event of a conflict, the Declaration and contracts, documents and easements referenced therein shall govern.

6.2 Maintenance and Repair of Units. Every unit owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender. (1/14/82)

All of the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, air conditioner, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense. (1/14/82)

An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault. (1/14/82)

All maintenance of and repairs to any unit, structural or nonstructural, ordinary or extraordinary, shall be made by the owner of such unit. Said owner shall be liable for cost of maintenance of and repairs to any common or limited or restricted common area or facility contained therein necessitated by the negligence, misuse or neglect of the owner of such unit. Each unit owner shall be responsible for all damages to any other unit and to the common and limited or restricted common areas and facilities resulting from his misconduct, negligence or misuse. (1/14/82)

6.2.1 Right of Entry. A unit owner shall grant a right of access to his unit to the manager, the managing agent, or any other person to correct any condition originating or reasonably believed to originate in his unit and threatening or reasonably believed to threaten another unit or his unit or common or limited or restricted common area or facility; this right shall allow installation, alteration or repair of any mechanical or electrical services in the building and to correct any condition which violates the provisions of any mortgage covering another unit or violation of law. Requests for such entry shall be scheduled for a time reasonably convenient to the unit owner. However, in case of any emergency, such right of entry shall be immediate, whether the unit owner is present at the time or not. (1/14/82)

6.3 Common Elements. No objects or structure, other than movable furniture or decorative furniture or decorative pieces shall be placed on common elements, and permanent or movable barbecue pits or grills may be placed thereon only in accordance with applicable state and municipal fire regulations.

6.4 Amendment and Adoption of Additional Rules and Regulations. The Board may from time to time adopt additional rules and regulations governing the operation, maintenance, beautification and use of the common elements, the limited common elements, and the units, not inconsistent with the terms of the Declaration or with the contracts, documents, declarations and easements referenced therein, and the Association's members shall conform to and abide by all such rules and regulations. A violation of any such rules or regulations shall constitute a violation of the Declaration.

ARTICLE VII

Amendments

7.1 By Members. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the members, at any meeting called for such purpose by an affirmative vote of sixty-seven percent (67%) of all of the votes entitled to be cast, provided, however, that so long as Declarant is owner of any unit which has not initially been sold, no such vote shall be effective without the consent of Declarant.

ARTICLE VIII

General

8.1 Fiscal Year. The fiscal year shall begin on the first day of January and end on the last day of December of each year.

8.2 Seal. There shall be no corporate seal.

8.3 Record of Ownership. Every unit owner shall promptly cause to be duly recorded or filed of record the deed, assignment or other conveyance to him of such unit or other evidence of his title thereto and shall file such document with and present such other evidence of his title to the Board of Directors, and the Secretary shall maintain all such information in the record of ownership of the Association.

8.4 Mortgages. Any unit owner who mortgages his unit or any interest therein shall notify the Board of Directors of the name and address of his mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the record of ownership of the Association. The Board of Directors at the request of any mortgagee or prospective purchaser of any unit or interest therein shall report to such person the amount of any assessments against such unit due and unpaid.

8.5 Indemnity of Officers and Directors. Every person who is or was a director or officer of the Association shall (together with the heirs, executors, and administrators of such person) be indemnified by the Association against all loss, costs, damages and expenses (including reasonable attorneys' fees) asserted against, incurred by or imposed upon him in connection with or resulting from any claim, action, suit or proceeding to which he is made or threatened to be made a party by reason of his being or having been such director or officer, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or wilful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The Association, by its Board of Directors, may indemnify in like manner, or with any limitations, any employee or former employee of the Association with respect to any action taken or not taken in his capacity as such employee. The foregoing rights of indemnification shall be in addition to all rights to which officers, directors or employees may be entitled as a matter of law.

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

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

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

ARTICLE IX

Lien/Voting Right

9.1 In accordance with Wisconsin Statute 703.10 (4), no unit owner may vote at a meeting of the Association, whether a regular or special meeting, if the Association has recorded a Statement of Condominium Lien on said person's unit and the amount necessary to release said lien has not been paid prior to the date and time of said meeting. Enforcement of this sanction by the Association against any offending unit owner is in addition to and not in lieu of any other right the Association may choose to exercise through the Board of Directors for collection or enforcement of any such recorded Statement of Condominium Lien. (1-10-83)

The mailing address of the Association is 6914 W. Brown Deer Road,
Milwaukee, Wisconsin 53223.

END OF BY-LAWS

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION D

ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION

OF

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

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OF
HIGHLANDS 2 OWNERS ASSOCIATION, INC.

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ARTICLES OF INCORPORATION
OF
HIGHLANDS 2 OWNERS ASSOCIATION, INC.

I, the undersigned, being a natural person over the age of 21 years and acting as incorporator of a nonstock, nonprofit corporation under the provisions of The Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, do hereby adopt the following as the Articles of Incorporation of such corporation:

ARTICLE I

The name of the corporation shall be Highlands 2 Owners Association, Inc.

ARTICLE II

The period of existence of the corporation shall be perpetual.

ARTICLE III

Purposes for which this corporation is organized are as follows:

(a) to serve as an association of unit owners under the Wisconsin Condominium Ownership Act, who own certain property located in the city of Milwaukee, Milwaukee County, State of Wisconsin (the "Property") subject to the terms and conditions of the Declaration of Condominium (the "Declaration") for Highlands 2 (the "Condominium") as recorded in the office of the Register of Deeds for Milwaukee County, Wisconsin;

(b) to serve as a means through which the unit owners may collectively and efficiently administer, manage, operate and control the Property in accordance with the Wisconsin Condominium Ownership Act and the Declaration; and

(c) to engage in any lawful activity within the purposes for which a nonstock, nonprofit corporation may be organized under The Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, subject to the Wisconsin Condominium Ownership Act and the Declaration.

ARTICLE IV

The corporation shall have all of the powers enumerated in The Wisconsin Nonstock Corporation Law, to the extent not inconsistent with the Wisconsin Condominium Ownership Act, the Declaration, or the By-Laws of the corporation, including without limitation, the following:

(a) Adopt budgets for revenues, expenditures and reserves and levy and collect assessments for common expenses from unit owners;

(b) Employ and dismiss employees and agents;

(c) Make contracts and incur liabilities;

- (d) Regulate and impose charges for the use of common elements;
- (e) Cause additional improvements to be made as a part of the common elements;
- (f) Acquire, hold, incumber and convey any right, title or interest in or to real property;
- (g) Grant easements through or over the common elements;
- (h) Receive income derived from payments, fees or charges for the use, rental or operation of the common elements;
- (i) Grant or withhold approval of any action by a unit owner or other person which would change the exterior appearance of any unit or any portion of the common or limited common elements;
- (j) Make reasonable rules and regulations governing the use of the units and the common and limited common elements;
- (k) Exercise any other power conferred upon the Association by this Declaration or the By-Laws or reasonably to be implied from the existence of any right, privilege or duty given by the Declaration or the By-Laws.

ARTICLE V

There shall be one class of members designated as "unit owners". The rights and qualifications of members are set forth in the Declaration and the By-Laws of the corporation.

ARTICLE VI

The location of the principal office of the corporation shall be 105 West Michigan Street, Milwaukee, Wisconsin 53203, and the initial registered agent shall be James B. Young. The address of the initial registered agent is 105 West Michigan Street, Milwaukee, Wisconsin 53203.

ARTICLE VII

The number of directors of the corporation shall be fixed in the By-Laws of the corporation, and in no event shall be less than three. The manner in which directors shall be selected, appointed or removed shall be provided by said By-Laws.

The number of directors constituting the initial Board of Directors shall be three, and the names and addresses of the initial directors are:

Roch Carter	105 W. Michigan Street Milwaukee, Wisconsin
Arthur J. Wigchers, Jr.	105 W. Michigan Street Milwaukee, Wisconsin
Mark Starobin	105 W. Michigan Street Milwaukee, Wisconsin

ARTICLE VIII

The name and address of the incorporator of the corporation is:

Roch Carter
105 West Michigan Street
Milwaukee, Wisconsin 53203

ARTICLE IX

The corporation shall not have or issue shares of stock. No dividend shall ever be paid and no part of the assets or surplus of the corporation shall be distributed to its members, directors, or officers. The corporation may pay compensation in reasonable amounts to employees, members, directors or officers for services rendered and may confer benefits upon its members in conformity with its purpose and to the extent not prohibited by its By-Laws.

In the event of dissolution of the corporation, all of its assets, after payment of its liabilities, shall be distributed to the members of the corporation in accordance with their undivided percentage interest in the common elements of the condominium.

Executed in duplicate this 18 day of July, 1979.

Roch Carter (Incorporator)

STATE OF WISCONSIN }
MILWAUKEE COUNTY } ss

Personally came before me this 18 day of July, 1979, the above named, Roch Carter, known to me to be the person, whose name subscribed to the foregoing Articles of Incorporation, and he acknowledged that he executed the same for the purposes therein contained.

Notary Public, State of Wisconsin
My commission is permanent.

This instrument was drafted by Roch Carter, Attorney at Law, 105 West Michigan Street, Milwaukee, Wisconsin.

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION E

MANAGEMENT AGREEMENT

Between

BOARD HIGHLANDS 2 OWNERS ASSOCIATION, INC.

and

AGENT RUVIN & COMPANY, INC.

For Property located at

8453 - 8579 N. 107th & 10800-10894 W. Donna Dr.

Milwaukee, Wisconsin

Beginning November 1, 19 86

Ending October 30, 19 87

CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this 6TH day of
October, 1986, by and between the Board of
Directors (the "BOARD") of Highlands 2 Owners
Association, Inc.
(the "Condominium"), not individually but on behalf of all of the owners from
time to time in units in Highlands 2

Condominium and on behalf of the condominium association which is
organized or is to be organized pursuant to the Wisconsin
State Statutes 703
Condominium Property Act, (the "OWNERS"), and Ruvn &
Company, Inc. (the "AGENT");

RECITALS:

Under the provisions of the purchase contract with the purchaser of
each condominium unit, the Declaration of Condominium Ownership, and the
Bylaws required under the provisions of the Wisconsin
State Statutes

Condominium Property Act, the OWNERS delegate the authority to manage
the Condominium to an elected Board of Managers, which may be the Board
of Directors of a not-for-profit corporation organized by the Owners; and

The BOARD, on behalf of the OWNERS, desires to employ the AGENT to
manage the Condominium, and the AGENT desires to be employed to manage
the Condominium;

IT IS AGREED:

1. The BOARD employs the AGENT exclusively to manage the Condo-
minium for a period of one (1) year, beginning November 1, 1986,
and thereafter for yearly periods from time to time, unless on or before sixty
(60) days prior to the expiration of the initial term or on or before thirty (30)
days prior to the expiration of any such renewal period, either party shall
notify the other in writing that it elects to terminate this agreement, in which
case this agreement shall be terminated at the end of that period.

2. The AGENT shall manage the Condominium to the extent, for the
period, and upon the terms of this agreement. The AGENT shall perform the
following services in the name of and on behalf of the BOARD, and the
BOARD hereby gives the AGENT the authority and powers required to
perform these services:

2.1 The AGENT shall collect and, as necessary, receipt for all monthly
or other assessments and other charges due to the BOARD for operation of
the Condominium and all rental or other payments from concessionaires, if
any, provided that the AGENT shall have no responsibility for collection of
delinquent assessments or other charges except sending notices of
delinquency.

2.2 The AGENT shall maintain records showing all its receipts and
expenditures relating to the Condominium and shall promptly submit to the
BOARD a cash receipts and disbursements statement for the preceding
month and a statement indicating the balance or deficit in the AGENT's
account for the Condominium on or before the 15th day of the
following month.

2.3 The AGENT shall prepare and submit to the BOARD, on or before
November 1st of each year, a recommended budget for the
next year showing anticipated receipts and expenditures for such year.

2.4 Within 30 days after the end of each calendar year, the
AGENT shall submit to the BOARD a summary of all receipts and expendi-
tures relating to the Condominium for the preceding year, provided that this
service shall not be construed to require the AGENT to supply an audit. Any
audit required by the BOARD shall be prepared at its expense by accountants
of its selection.

2.5 Subject to the direction and at the expense of the BOARD, the AGENT shall cause the common elements of the Condominium to be maintained according to appropriate standards of maintenance consistent with the character of the Condominium, ~~including~~ per State Statutes,

Federal and Local Laws, and Regulations, the Declaration, Bylaws and Rules of the Association, as they may pertain.

2.6 On the basis of the budget, job standards, and wage rates previously approved by the BOARD, the AGENT shall hire, pay, negotiate collective bargaining agreements, if necessary, with, supervise, and discharge engineers, janitors, and other personnel required to maintain and operate the Condominium properly. All such personnel shall be employees of High-Lands 2. All salaries, taxes, and other expenses payable on account of such employees shall be operating expenses of the Condominium.

2.7 The AGENT shall execute and file all returns and other instruments and do and perform all acts required of the BOARD as an employer under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, Subtitle C of the Internal Revenue Code of 1954, and the

Wisconsin Income Tax Act with respect to wages paid by the AGENT on behalf of the BOARD and under any similar Federal, State, or Municipal law. The BOARD shall, upon request, execute, and deliver promptly to the AGENT all necessary powers of attorney, notices of appointment, and the like.

2.8 Subject to the direction of the BOARD, the AGENT shall negotiate and execute on behalf of the BOARD contracts for water, electricity, gas, telephone, and such other services for the common elements of the Condominium as may be necessary or advisable. The AGENT also shall purchase on behalf of the BOARD such equipment, tools, appliances, materials, and supplies as are necessary for the proper operation and maintenance of the Condominium. All such purchases and contracts shall be in the name and at the expense of the BOARD.

2.9 The AGENT shall pay from the funds of the BOARD all taxes, building and elevator inspection fees, water rates and other governmental charges, and all other charges or obligations incurred by the BOARD with respect to the maintenance or operation of the Condominium or incurred by the AGENT on behalf of the BOARD pursuant to the terms of this agreement or pursuant to other authority granted by the BOARD.

2.10 The AGENT shall maintain appropriate records of all insurance coverage carried by the BOARD. The AGENT shall cooperate with the BOARD in investigating and reporting all accidents or claims for damage relating to the ownership, operation, and maintenance of the common elements of the Condominium including any damage or destruction to them.

2.11 _____

3. In discharging its responsibilities under paragraph 2 of this agreement, the AGENT shall not make any expenditures nor incur any nonrecurring contractual obligation exceeding \$ 500.00 without the prior consent of the BOARD, provided that no such consent shall be required to repay any advances made by the AGENT under the terms of paragraph 5. Notwithstanding these limitations, the AGENT may, on behalf of the BOARD without prior consent, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a danger of life or property or may threaten the safety of the Condominium or the OWNERS and occupants or may threaten the suspension of any necessary service to the Condominium.

4. Notwithstanding any other provision of this agreement, the AGENT has no authority or responsibility for maintenance of or repairs to individual dwelling units in the Condominium. Such maintenance and repairs shall be the sole responsibility of the OWNERS individually. Each individual dwelling unit owner may contract with the AGENT on an individual basis for the provision of certain maintenance and other related services which will be paid for in accordance with the agreement between the AGENT and the individual unit owner. This shall not be considered to be a conflict of interest or otherwise obligate the AGENT to take any action except as it may agree to with an individual unit owner.

5.1 All monies collected by the AGENT on behalf of the BOARD shall be deposited in a custodial account in a state or national bank where deposits are insured by the Federal Deposit Insurance Corporation separate and apart from AGENT's own funds. Such account may, however, include other monies received by AGENT in a representative capacity on behalf of others than the BOARD and the balance in such account usually will exceed the insurance limits of the Federal Deposit Insurance Corporation for a single account. No interest shall be paid on such funds.

5.2 All expenses of operation and management may be paid from the BOARD's funds held by the AGENT, and the AGENT is authorized to pay any amounts owed to the AGENT by the BOARD from such account at any time without prior notice to the BOARD. The AGENT shall have no obligation to advance funds to the BOARD for any purpose whatsoever.

5.3 All AGENT's employees who handle or are responsible for the safekeeping of any monies of the BOARD shall be covered by a fidelity bond protecting the BOARD, such bond to be in an amount and with a company determined by the AGENT.

6.1 The Board shall pay the AGENT a management fee equal to \$ 800.00 per month. The management fee shall be paid monthly in advance. No further charge shall be made by the AGENT for the services of the Site Manager pursuant to paragraph 7, its services pursuant to paragraph 2, and the other services of the AGENT's professional staff, except as otherwise expressly provided in this agreement. Any clerical services performed for the BOARD, such as preparation and circulation of notices and newsletters and general correspondence of the BOARD, shall be at the expense of the BOARD.

6.2 OTHER: This Agreement cancels and
supercedes agreement dated October 29, 1982.

7. One of the AGENT's employees shall be designated Site Manager for the Condominium. The Site Manager or other representative of the AGENT shall attend one (1) regular meeting(s) of the BOARD each month and the annual meeting of the OWNERS. The Site Manager or other representative of the AGENT shall, upon not less than 72 hours notice, attend meetings of the BOARD or the OWNERS as requested, provided that the BOARD shall pay the AGENT \$ 25.00 per hour for the Site Manager's or other representative's attendance at each meeting. The Site Manager shall be custodian of the official records of the BOARD and the condominium association but shall not be required to record the minutes of meetings.

8. The BOARD shall designate a single individual who shall be authorized to deal with the AGENT on any matter relating to the management of the Condominium. The AGENT is directed not to accept directions or instructions with regard to the management of the Condominium from anyone else. In the absence of any other designation by the BOARD, the President of the BOARD shall have this authority.

9.1 The AGENT shall have no authority to make any structural changes in the Condominium or to make any other major alterations or additions in or to any building or equipment therein, except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Condominium or the safety of the OWNERS and occupants or are required to avoid the suspension of any necessary service to the Condominium.

9.2 The AGENT has no responsibility for the compliance of the Condominium or any of its equipment with the requirements of any ordinances, laws, rules, or regulations (including those relating to the disposal of solid, liquid, and gaseous wastes) of the City, County, State, or Federal Government, or any public authority or official thereof having jurisdiction over it, except to notify the BOARD promptly of, or forward to the BOARD promptly, any complaints, warnings, notices, or summonses received by it relating to such matters. The OWNERS represent that to the best of their knowledge the Condominium complies with all such requirements, and authorize the AGENT to disclose the ownership of the Condominium to any such officials, and agree to indemnify and hold harmless the AGENT, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, rules, or regulations.

10. The BOARD shall:

10.1 Indemnify, defend, and save the AGENT harmless from all suits in connection with the Condominium and from liability for damage to property and injuries to or death of any employee or other person whomsoever, and carry at its own expense public liability, boiler, elevator liability (if elevators are part of the equipment of the Condominium), and workers' compensation insurance naming the BOARD and the AGENT and adequate to protect their interests and in form, substance, and amounts reasonably satisfactory to the AGENT, and furnish to the AGENT certificates evidencing the existence of such insurance. Unless the BOARD shall provide such insurance and furnish such certificates within thirty (30) days from the date of this agreement, the AGENT may, but shall not be obligated to, place said insurance and charge the cost thereof to the account of the BOARD.

10.2 Pay all expenses incurred by the AGENT including, without limitation, attorneys' fees for counsel employed to represent the AGENT or the BOARD in any proceeding or suit involving an alleged violation by the AGENT or the BOARD, or both, of any constitutional provision, statute, ordinance, law, or regulation of any governmental body pertaining to environmental protection, fair housing, or fair employment including, without limitation, those prohibiting or making illegal discrimination on the basis of race, creed, color, religion, or national origin in the sale, rental, or other disposition of housing or any services rendered in connection therewith or in connection with employment practices (unless, in either case, the AGENT is finally adjudicated to have personally and not in a representative capacity violated such constitutional provision, statute, ordinance, law, or regulation), but nothing herein contained shall require the AGENT to employ counsel to represent the BOARD in any such proceeding or suit.

10.3 Indemnify, defend, and save the AGENT harmless from all claims, investigations, and suits with respect to any alleged or actual violation of state or federal labor laws. The BOARD's obligation under this paragraph 10.3 shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expense, and attorneys' fees.

11. In the event it is alleged or charged that the Condominium or any equipment therein or any act or failure to act by the BOARD with respect to the Condominium or the sale, rental, or other disposition thereof or the hiring of employees to manage it fails to comply with, or is in violation of, any of the requirements of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereover, and the AGENT in its sole and absolute discretion considers that the action or position of the BOARD with respect thereto may result in damage or liability to the AGENT, the AGENT shall have the right to cancel this agreement at any time by written notice to the BOARD of its election to do so, which cancellation shall be effective upon the service of such notice. Such cancellation shall not release the indemnities of the BOARD set forth in paragraphs 9 and 10 above and shall not terminate any liability or obligation of the BOARD to the AGENT for any payment, reimbursement, or other sum of money then due and payable to the AGENT hereunder.

-or Agent

12. This agreement may be cancelled by the BOARD before the termination date specified in paragraph 1 on not less than 60 days prior written notice to the AGENT, provided that such notice is accompanied by payment to the AGENT of a cancellation fee in an amount equal to ----- % of the management fee which would accrue over the remainder of the stated term of the agreement. For this purpose the monthly management fee for the remainder of the stated term shall be presumed to be the same as that of the last month prior to service of the notice of cancellation.

13. Any notice required or permitted to be served hereunder may be served by registered or certified mail or in person as follows:

13.1 If to the AGENT:

Property Management Division

Firm Rubin & Company, Inc.

Address 6914 W. Brown Deer Road

City Milwaukee, Wisconsin 53223

13.2 If to the BOARD, to the President of the BOARD at his or her home address.

Either party may change the address for notice by notice to the other party. Notice served by mail shall be deemed to have been served when deposited in the mails.

14. This agreement shall be binding upon and inure to the benefit of the successors and assigns of the AGENT and the heirs, administrators, successors, and assigns of the BOARD. Notwithstanding the preceding sentence the AGENT shall not assign its interest under this agreement except in connection with the sale of all or substantially all the assets of its business; in the event of such a sale, AGENT shall be released from all liability hereunder upon the express assumption of such liability by its assignee.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed
their respective signatures this 6 day of October, 1986

WITNESSES:

BOARD:

Sharon R. Davison President
Gloria J. Tamm Secretary

AGENT:

Firm Rovine Company, Inc.

By

Jeffrey Shum

Submitted by

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT

(Name)

located at

(State whether individual, partnership or corporation, etc.)

has made,

(Address)

constituted and appointed, and, by these presents does hereby make, constitute
and appoint, _____, a resident of

the United States, whose address is _____, (its)

true and lawful attorney for (it) (me) in (its) (my) name, place and stead to

execute and to file any Tax Returns due on and after _____

under the provisions of the Social Security Act, now in force or future amend-
ments thereto.

Dated at _____ this _____ day of _____, 19____

Executed in the presence of:

Witness

Witness

Signature of Taxpayer

Title

Signature of Taxpayer

Title

Signature of Taxpayer

Title

Acknowledged before me this _____ day of _____, 19____

NOTARIAL

SEAL

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION F

ANNUAL OPERATING BUDGET



A Community Presence

November 28, 2025

Dear Highlands 2 Owner,

Re: 2026 Budget

For your review and file, we have enclosed a copy of the 2026 Budget and 15-Year Reserve Study as adopted by your Board of Directors. In reviewing the Budget, you will note that the monthly assessment will increase \$10.00 to \$280.00 per month in 2026.

As noted in the 15-year Reserve Study portion of the Budget, future, more substantial increases in Monthly Assessments and Reserve contributions will be required to address all future capital replacement expenses through 2031, at which time there may be deficits. The Reserve expenses listed are based on the professional Reserve Study that was completed in 2018. The only Reserve project planned for 2026 is Balcony repairs.

If you currently pay your monthly assessment through our lock box system a new assessment payment coupon book will be mailed to you in the near future. The current lock box address is Highlands 2 C/O Hunt Management, PO Box 1755, Arlington Heights, IL 60006-1755. If you pay electronically, we will continue to debit your account accordingly, at the new assessment amount. If you currently pay by check and would like to benefit from our electronic payment program, please contact us. If you pay your assessment through on-line banking, please advise your bank of the current mailing address noted above.

The Board of Directors and Management will continue their efforts toward maintaining a physically and financially sound Highlands 2 and thank you for your support. Should you ever have any questions, comments, or concerns regarding the Association's financial affairs, please contact Management.

Sincerely,

Hunt Management Incorporated, AAMC
Management Company for
Highlands 2 Owners Association, Inc.

Jeffrey S. Hunt

Jeffrey S. Hunt, PCAM
General Manager

HIGHLANDS 2 OWNERS ASSOCIATION, INC.
2026 INCOME & EXPENSE SUMMARY
AND 2026 BUDGET

***OPERATING BUDGET**

ACCOUNT	BUDGET ITEM	BUDGET 2025	ACTUAL 9/30/25	PROJCTED 2026	BUDGET 2026
INCOME					
60100	MAINTENANCE FEES	362,880	269,127	359,000	378,320
60150	PREPAID ASSESSMENTS	0	2,505	2,505	0
60200	SPECIAL ASSESSMENT	0	0	0	0
60300	INTEREST	5,000	2,432	3,300	3,000
60400	LATE CHARGES	1,000	811	1,000	1,000
60500	RESERVE CONTRIBUTION (*)	15,000	0	10,000	15,000
60600	MISCELLANEOUS	100	123	150	150
60700	LEGAL REIMBURSEMENT	3,000	1,639	2,000	3,000
60800	INSURANCE CLAIM PROCEEDS	0	3,594	3,594	0
60900	OPERATING RESERVE CONTRIBUTION	0	0	0	0
	TOTAL	\$386,980	\$279,231	\$381,649	\$398,470
EXPENSES					
80100	MANAGEMENT	33,000	24,760	33,000	34,000
80200	LEGAL	5,000	3,474	11,000	5,000
80300	AUDIT	200	195	185	200
80400	INSURANCE	100,000	85,857	87,000	90,000
80450	INSURANCE DEDUCTIBLE	0	0	0	0
80475	INSURANCE CLAIM EXPENSE	0	0	0	0
80500	SEWER & WATER	110,000	87,255	90,000	100,000
80600	ELECTRICITY	5,200	3,351	4,800	5,000
80700	ADMINISTRATIVE EXPENSE	3,600	3,876	4,900	5,000
80800	SNOW	38,000	18,613	33,000	33,000
81000	LAWN	20,000	13,218	18,000	19,000
81100	LANDSCAPE	1,000	0	0	1,000
81200	MAINTENANCE, REPAIRS, SUPPLIES	42,000	38,973	50,000	50,000
81250	ELECTRICAL / LIGHTING REPAIRS	3,000	0	0	0
81270	FIRE SAFETY	3,000	0	3,000	3,000
81300	RESERVE	0	0	0	33,600
81350	RESERVE STUDY (*)	0	0	0	0
81400	MISCELLANEOUS	100	270	300	300
81500	INCOME TAX	2,000	804	804	1,000
81500	PAINTING (*)	0	0	0	0
81650	BALCONY - REPAIRS & PAINTING (*)	15,000	0	10,000	15,000
81750	MASONRY WALLS (*)	0	0	0	0
81800	ASPHALT REPAIR	0	0	0	0
81850	ASPHALT SEALING (*)	0	0	0	0
82000	SIDING REPLACEMENT (*)	0	0	0	0
82200	CONCRETE REPLACEMENT / REPAIR (*)	0	0	0	0
82300	ASPHALT REPLACEMENT (*)	0	0	0	0
82400	SMOKE DETECTOR REPLACEMENT (*)	0	0	0	0
82500	ROOF REPLACEMENT (*)	0	0	0	0
82600	MAILBOXES (*)	0	0	0	0
82700	LIGHTING REPLACEMENT (*)	0	0	0	0
82800	ELECTRIC METER PANEL REPLACEMENT (*)	0	8,850	8,850	0
82900	CONTINGENCY	880	0	0	370
83000	INTEREST ADJUSTMENT	5,000	2,432	3,300	3,000
84000	PAYROLL	0	0	0	0
84100	PAYROLL TAXES	0	0	0	0
	TOTAL	\$ 386,980	\$ 272,318	\$ 367,949	\$ 398,470
	VARIANCE	\$0	\$6,913	\$23,600	\$0
	FUND BALANCE - OPERATING	\$ 47,726	\$ 54,638	\$ 71,265	
	FUND BALANCE - RESERVE	\$ 150,010	\$ 152,441	\$ 153,300	
	TOTAL	\$ 197,736	\$ 206,979	\$ 224,565	
	MONTHLY MAINTENANCE FEE	\$ 270			\$ 260

(*) RESERVE EXPENSE

11/13/25

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

16-YEAR RESERVE STUDY

2026

EXPENSES

YEAR	BUDGET ITEM	
2025	RESERVE STUDY	5,000
2026	CONCRETE	24,000
2026	BALCONIES - REPLACE WOOD	20,000
2026	PAINTING - TRIM	20,000
2026	SHUTTERS	15,000
2026	ASPHALT SEALING	16,000
2027	BALCONIES - REPLACE WOOD	30,000
2028	BALCONIES - REPLACE WOOD	30,000
2029	CONCRETE	27,000
2029	SIGNAGE	7,000
2030	PAINTING - TRIM	25,000
2030	PAINT - BALCONIES	15,000
2030	ASPHALT SEALING	18,000
2031	ROOFING	200,000
2031	CONCRETE	14,000
2032	ROOFING	200,000
2032	MASONRY	28,000
2033	ROOFING	100,000
2033	CONCRETE	30,000
2033	UNDERGROUND PLUMBING	8,000
2034	BALCONIES - PAINT	16,000
2035	ASPHALT REPLACEMENT	370,000
2036	SIDING (PHASE 1 OF 4)	175,000
2037	SIDING (PHASE 2 OF 4)	175,000
2038	SIDING (PHASE 3 OF 4)	175,000
2039	SIDING (PHASE 4 OF 4)	175,000
2040	NOTHING	0
2041	NOTHING	0
	TOTAL	1,919,000

NOTE: IN 2012 ALL ROOFS HAD BEEN REPLACED

NOTE: BY 2035 SIDING WILL BE 24 TO 29 YEARS OLD AND MAY NEED TO BE REPLACED

NOTE: BY 2030 ROOFS WILL BE 18 YEARS OLD AND MAY NEED TO BE REPLACED

FUNDING

YEAR	MAINTENANCE FEE	RESERVE PORTION	ADDITION	EXPENSE	BALANCE
2025	270				153,300
2026	280	26	33,800	100,000	88,800
2027	300	42	56,000	30,000	112,800
2028	320	50	67,200	30,000	150,100
2029	340	55	73,920	34,000	190,020
2030	360	60	80,640	58,000	212,660
2031	380	65	87,360	214,000	86,020
2032	400	70	94,080	228,000	-48,900
2033	420	75	100,800	138,000	-88,100
2034	440	80	107,520	18,000	5,420
2035	460	85	114,240	370,000	-250,180
2036	480	90	121,300	175,000	-303,880
2037	500	95	127,700	175,000	-351,180
2038	520	100	134,400	175,000	-391,780
2039	540	105	141,120	175,000	-425,660
2040	560	110	147,120	0	-278,540
2041	580	115	154,560	0	-123,980
	TOTAL		1,641,720	1,819,000	

This study is a planning aid subject to change annually

11/13/25

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION G

RULES AND REGULATIONS

RULES & REGULATIONS
OF
HIGHLANDS 2 OWNERS ASSOCIATION, INC.

JULY 14, 2025

(Revised November 25, 2025)

(Updated June 18, 2026)

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I. Philosophy

These Rules and Regulations are based upon all the governing laws pertaining to condominiums in Wisconsin and the Disclosure materials, Declaration, and By-Laws of the Highlands 2 Owners Association. They are intended to expand and more clearly define their purpose and intent.

They have been prepared using the best judgment of the Board of Directors and are intended to detail the behavior which must be followed in order to protect the interest of the Owners and Residents, and to minimize the inevitable sources of friction that are present when people live close to one another.

It is to be expected that these Rules and Regulations will from time to time be altered and/or excepted, as experience dictates. This is because no such set of rules can cover every conceivable situation. Any such alterations and/or exceptions are subject to the approval of the Board of Directors.

We therefore ask that all our Owners and Residents consider the rights and sensitivities of their neighbors in all things; for if that is done, we can jointly maximize the quality of our lives here at Highlands 2.

These Rules and Regulations and the sanctions in connection therewith are a due process policy and procedural mechanism. They will be published or at least be made known to the Unit Owners and their tenants so that compliance will be expected. Ignorance of the Rules and Regulations, after they have been duly published, will not be a defense or basis for noncompliance.

RULES & REGULATIONS

II. From Wisconsin Law:

- A. The Association, through its Board of Directors, has the irrevocable right to have access to each Unit for the purpose of maintenance, repair, or replacement of any common areas or facilities.
- B. Each Unit Owner and/or Resident shall comply strictly with the By-Laws and with the administrative rules adopted under provisions of the By-Laws. Failure to comply with any of the By-Laws and/or Rules and Regulations shall be grounds for action to recover sums due for damages or injunctive relief, or both, by the Board of Directors on behalf of the Association, or in a proper case, by the aggrieved Unit Owner.
- C. No Unit Owner and/or Resident shall do any work which shall jeopardize the soundness or safety of the property, buildings, and/or improvements, reduce the value thereof or impair any easement without first obtaining the approval of the Board of Directors.
- D. All unpaid sums assessed by the Association for common expenses shall constitute a lien of such Unit.
- E. All Unit Owners, tenants of such Owners, employees of Owners and tenants or any other persons that use the property, or any part thereof, shall be subject to the Declaration of Condominium and the By-Laws of the Association.
- F. All agreements, decisions, and determination lawfully made by the Association shall be binding on all Unit Owners.

III. Management:

- A. The term "management", as used throughout these Rules and Regulations, refers to an outside professional service under contract with the Association, responsible for the overall administration of the Association's affairs.
- B. Management receives authority from, is directed by, and is directly responsible to the Board of Directors.
- C. Management's function is to provide three basic services: Administrative, Accounting and Property Maintenance services as specified the Management Agreement.

The management firm of the Highlands 2 Owners Association is:

HUNT MANAGEMENT INCORPORATED
10520 N. Baehr Rd., Suite Q
Mequon, WI 53092
(262) 238-1480

- D. If you do not receive satisfaction from Management please contact a Board member directly. Current Board Members, Officers, and Committee Chairpersons are elected / appointed at each Annual Meeting.

IV. Use:

- A. No Unit Owner and/or Resident shall occupy or use a Unit or the Common Elements, appurtenant thereby, or permit the same, or any part thereof, to be occupied or used for any purpose other than a private residence for the Owner, the Owner's family, or the Owner's tenant or guest.
- B. No rooms may be rented, although the entire Unit may be rented.
- C. No Unit may be rented on a daily basis.
- D. Rental Unit Owners must comply with the following rental restrictions and conditions:

1. All leases must be in writing and subject to the Declaration and Bylaws of the Association.
2. Leases or rental agreement shall not be for an initial term of less than 30 days.
3. Leases or rental agreements shall not be for a term of more than one year.

V. Increase of Insurance Rates:

- A. No Unit Owner and/or Resident shall permit anything to be done or kept in the Unit or in the Common Elements which will result in the cancellation or increase in premiums of insurance on any Unit or any part of the Common Elements, or which could be in violation of any law or ordinance.
- B. The installation or use of hot tubs, water beds and the like are strictly prohibited.

VI. Grilling:

In order to reduce the risk of fire, gas and charcoal grills, fire pits or similar devices used for cooking, heating or any purpose, shall not be used on any balcony, under any overhang, or within 15 feet of any structure. The use of electric grills instead of gas or charcoal grills is recommended.

VII. Fire Hazards and Safety

- A. The use of fireworks, sparklers, and similar incendiary products shall be strictly prohibited.
- B. Building fire alarm systems are local such that the alarm only sounds in the building Units and is not monitored by an alarm company or the fire Department. If an alarm sounds call 911 and vacate the building.
- C. The installation of fire places in Units is strictly prohibited.

VIII. Signs:

- A. No sign of any kind shall be displayed to public view on or from any Unit or the Common Elements without the prior consent of the Association.
- B. No Unit Owner and/or Resident shall post advertisements or posters of any kind on or in the Condominium property.
- C. For sale signs may be placed on the far northeast corner of the property near the north driveway off 107th Street.

IX. Noxious Activity:

- A. No noxious or offensive activity shall be carried on in any Units or in the Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to others.
- B. No Unit Owner and/or Resident shall make or permit any disturbing noise in the Units or Common Elements by himself, his family, guests, or other invited persons, nor do or permit anything by such persons that will interfere with the rights, comforts, or conveniences of other Unit Owners and/or Residents. No Unit Owner and/or Resident may play upon, or suffer to be played upon, any musical instrument or operate, or suffer to be operated, any phonograph, television set, radio, or other sound device in or on the premises at such a high volume or in such other manner as it shall cause disturbances to other Unit Owners and/or Residents.

X. Alterations, Construction, Removal:

- A. Nothing shall be altered or constructed in or removed from the Common Elements, except upon written consent of the Association.
- B. An Owner and/or Resident must obtain written approval of the Association to:
 - 1. Make any structural changes within Unit.
 - 2. Install plants, flowers, flower boxes and the like within the Common or limited Common Elements.
- C. The "hanging" of such items as wash, clothing, bedding, rugs, etc. is prohibited.

XI. Obstructions:

- A. There shall be no obstructions of the Common Elements and nothing shall be stored therein without the prior consent of the Association.
- B. All Highlands 2 Residents are responsible for policing common areas, especially areas around the rubbish containers. All disposable rubbish must be placed in proper containers which are provided. Any article too large for the container must be broken down so that it may be placed in the container or removed from the premises by the Resident. If it absolutely will not fit in the containers, special pickups are available from the City of Milwaukee.
- C. Nothing other than planters, a grill and seasonal patio furniture shall be left or stored on the patio or within the balcony area.
- D. Nothing shall cover or be attached to the patio or balcony floor surface nor shall anything be attached to or hung from the balcony enclosure.
- E. Nothing shall be placed, stored or left on sidewalks or within the Common Elements.
- F. Nothing shall be attached to the building exterior.

XII. Pets:

- A. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that one (1) dog, cat, or other "non-exotic" household pet may be kept in a Unit, subject to the Rules and Regulations which may be hereafter adopted by the Association regarding same.
- B. All pets shall be kept on a leash when not in a Unit.
- C. Pets may not be left unattended in the Common Elements.
- D. No pet shall be allowed at large within the Common Elements. All pets shall always be leashed and within the immediate control of the responsible party when out side the Unit.
- E. Pet Owners are responsible for the immediate removal of fecal matter pursuant to the Milwaukee Code of Ordinances and the Milwaukee Pet Ordinance.

- F. Any pet causing or creating a hazard, nuisance or unreasonable disturbance or noise shall be removed from Condominium property immediately upon written notice from the Association.
- G. Pet owners shall be responsible for the cost to repair any damage caused to the Common Area by their pets.
- H. No person shall harbor, keep or maintain within the Condominium any Pit Bull, defined as any dog which is one-half or more American Staffordshire Terrier, Staffordshire Terrier, American Pit Bull Terrier, Miniature Bull Terrier or Staffordshire Bull Terrier, or, any Rottweiler, defined as any dog which is one-half or more Rottweiler. Further, no persons shall harbor, keep or maintain within the Condominium any Dangerous Animal as defined in the City of Milwaukee Ordinance, Chapter 78. Additionally, all residents shall, at all times comply with all provisions of the City of Milwaukee Ordinances as they apply to Animals and Pets.

XIII. Parking:

- A. All resident owned/operated vehicles which may from time to time be parked on Highlands 2 property shall be registered with the Association. Registration information shall include the name address and phone number of the owner/operator of the vehicle and respective vehicle make, color, model, year, and license number. Requisite registration information must be submitted to the Association within ten days of change of vehicle or resident owner/operator.
- B. Residents of Units with a garage shall be permitted to park no more than two vehicles on the Highlands 2 property. Residents of Units with no garage shall be permitted to park no more than one vehicle on the Highlands 2 property.
- C. Vehicles parked in the outdoor parking stalls shall occupy only one space and shall not interfere with another space by extending beyond the parking stall lines.
- D. No vehicle shall be parked in front of garages or block access to any garage way.
- E. No vehicle shall be parked in front of or block access to sidewalks, stairways, walkways, or paths shoveled in the snow.
- F. No vehicle shall be parked on the east side of the north-south access road (fire lane) or wherever posted as a "No Parking" area.

- G. The west side of the north-south access road is reserved for visitor and short term (15 minutes) Resident parking. Visitors may park a maximum of 48 hours unless prior approval is obtained from the Association.
- H. No boat, camper, travel trailer, mobile home, or other recreational vehicle or trailer shall be parked outside for more than one night without prior approval from the Association.
- I. Trucks with a gross vehicle weight (GVW) over 8500 pounds, other than those used to provide commercial services to Highlands 2, shall not be parked on the premises at any time.
- J. No mini-bike, go-cart, snowmobile, ATV, RV, or any other unlicensed motorized vehicle shall be operated on Highlands 2 property except for approved maintenance vehicles and others approved by the Association.
- K. No inoperable and/or unlicensed vehicle shall be stored on the premises for longer than 72 hours. An inoperable vehicle includes one that cannot be legally operated according to Wisconsin Statutes.
- L. No vehicle shall remain parked in a single outdoor parking space for more than 7 days without the prior approval of Management.
- M. Residents shall, at reasonable times and upon reasonable notice, be obligated to remove their vehicles from the premises to permit the parking areas to be cleaned, repaired, resurfaced, repainted, restriped, or cleared of snow and ice.
- N. Vehicles shall be operated on the roads and parking areas only. At no time shall vehicles be permitted on sidewalks or other common areas.
- O. Oil and filter changes, tune-ups, etc., on Resident vehicles are permitted. Major repairs or business-oriented activities regarding vehicles are not permitted. Any and all oil, gas, lubricants, etc. shall be properly disposed of offsite.
- P. No vehicle shall be left unattended, on stands, blocks, or jacks at any time.
- Q. No vehicle (with or without attachments) in excess of 20 feet in length shall be permitted to be parked on the premises.
- R. No vehicle bumper shall extend over a sidewalk.
- S. Garage doors must be closed and locked when unattended.

- T. The speed limit in Highlands 2 is five (5) miles per hour.
- U. In addition to the enforcement action prescribed in Sections XIII, XIV, and XV of the Rules & Regulations, the Association may enforce the Parking Rules by ticketing and towing vehicles at the Owners expense.

XIV. Unit Repair Responsibility

- A. All of the repairs of internal installations of the Unit such as water, light, power, sewage, telephone, air conditioner, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Unit area shall be at the owners expense.
- B. Unit area means and encompasses a greater space than "Unit" as defined in the Declaration.
- C. Unit Area shall include components of a Unit's electrical system or installations of the Unit such as light, power, lamps, etc. that lie outside the Unit as defined in the Declaration.
- D. Unit owner shall be responsible for the maintenance repair and replacement of the respective unit electrical system, including, but not limited to, the entrance door light, patio electrical outlet, electric meter socket and main circuit breaker, etc.

XV. Enforcement

- A. Violations May Be Reported by Any Unit Owner / Resident of the Association to:
 - 1. The Milwaukee Police Department if the violation is an infraction of a city, county, state, or federal law.
 - 2. The Managing Agent of the Association for an infraction of any to the Rules and Regulation enumerated herein as well as any municipal or state infractions and violations of the governing documents of the Association:

B. Violations Reported to the Managing Agent Must Comply with the Following:

1. Name of the offending party, if known or a description of the person or the location of the infraction on the Association Property and address.
2. Violation observed and brief description.
3. Date, time, place and whether it is a continuous violation.
4. Identifying information of the reporting Unit Owner. In the alternative, if it is an infraction that is readily observable a Board Member may be directed to the location so the written report may be prepared by a Board Member for transmission to the Managing Agent then the Unit Owner does not have to be involved.

C. Enforcement Action by Managing Agent:

1. The Managing Agent shall review all relevant information and shall provide a summary to the Board. The Board may provide any additional input after which time the Managing Agent shall have the right, unless otherwise directed by the Board, to issue a written notice of the alleged violation to the Unit Owner. Said notice to be issued by way of first-class mail and by email if the offending Unit Owner's email is known. The notice shall indicate the applicable cure period for the offending Unit Owner as determined from time to time by the Board. (1 day right to cure; 3 days right to cure; 7 days right to cure etc.) The written notice will also make reference to the following fine schedule in the event the violation is not cured within the cure period.

A follow up letter will be issued after the cure period if the violation is not cured assessing the fine as follows:

- i. Failure to cure the violation hereby results in a fine of \$50 plus an assessment of \$10/per day for each day thereafter until the violation is cured.
- ii. A second offense within a given 12-month period shall result in a fine of \$100 and an assessment of \$20/per day for each day thereafter until the violation is cured.

- iii. A third offense within a given 12-month period shall result in a fine of \$150 and an assessment of \$30/per day for each day thereafter until the violation is cured.

D. Enforcement and Collection of Fines

1. Fines and/or daily assessments are to be paid immediately to the Association. Any fine and/or assessment not paid within 10 days of billing by the Association shall accrue a late charge in the amount of \$50.00 for every month the fine and/or assessment is not paid. The Association shall have the right, following imposition of any fine and/or daily assessment, to collect the same as a special assessment against the unit owner's unit and may file a lien. In the event the Association takes legal action in any form, including the initiation of the use of any attorney to collect the fine and/or daily assessment, the unit owner shall be responsible to pay the Association's costs and actual attorney fees incurred.

XVI. Closing

The aforesaid Rules and Regulations and Schedule of Sanctions and Penalties are not being published to intimidate, but rather to interpret the responsibilities and authorities of the Highlands 2 Owner Association, Inc. Board of Directors, Officers, Committee Chairpeople, and Management. They receive their authority from the Declaration, Articles, and By-Laws of the Highlands 2 Owner Association Inc. and, except where noted, depend on them for definition and interpretation of terms.

These are your "Rules". Review them thoroughly to your satisfaction of understanding. If you feel any portion(s) is unreasonable or does not meet the requirements of due process; or if you have any suggestions on how to make them more comprehensive or easily understood, submit your comments in writing to:

Highlands 2 Owners Association, Inc.
Board of Directors
c/o Hunt Management Incorporated
10520 N. Baehr Road, Suite Q
Mequon, WI 53092

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION H

STATUTORY RESERVE ACCOUNT STATEMENT

STATUTORY RESERVE
ACCOUNT STATEMENT

Document Number



DOC.# 09207701

REGISTER'S OFFICE | SS
Milwaukee County, WI

RECORDED 03/27/2006 02:22PM

JOHN LA FAVE
REGISTER OF DEEDS

AMOUNT: 11.00

Re: Highlands 2 Owners Association, Inc.
Condominium, being a condominium created under the Condominium
Ownership Act of the STATE OF WISCONSIN by a "Declaration of
Condominium for Highlands 2

Condominium", dated the 18th day
of July, 1979 and recorded the 18th day of
July, 1979 in the Office of the Register of Deeds
for Milwaukee County, Wisconsin, in
(Reel)(Vol.) 1222 of Records, at (Images) (Pages) 1591
through 1612, as Document No. 5329789
and by a Condominium Plat (hereinafter "Condominium").

The Condominium (shall) (shall not) have a Statutory Reserve Account, as
described in Wis. Stat. § 703.163, effective March 13,
2006. This determination is made by the (~~Declarant~~) (Association
with the written consent of a majority of the Unit votes).

If the Condominium will not have a Statutory Reserve Account, it is
anticipated that future expenditures for the repair and replacement of the
common elements will be funded by: A non-statutory reserve
account and such other means available to it by law

Recording Area

Name and Return Address

Jeffrey S. Hunt
Hunt Management
10520 N. Baehr Road, Suite Q.
Mequon, Wisconsin 53092

Parcel Identification Number (PIN)

Dated this 13th day of March, 2006

Sandra Aronson
* Sandra Aronson
Title: President

Thomas J. Voelz
* Thomas Voelz
Title: Treasurer

AUTHENTICATION

Signature(s) _____

authenticated this _____ day of _____, _____

*
TITLE: MEMBER STATE BAR OF WISCONSIN
(If not, _____
authorized by §706.06, Wis. Stats.)

THIS INSTRUMENT WAS DRAFTED BY

Jeffrey S. Hunt

(Signatures may be authenticated or acknowledged. Both are not necessary.)

ACKNOWLEDGMENT

STATE OF WISCONSIN,)
) ss.
Milwaukee County,)
Personally came before me this 13th day of
March, 2006, the above named
Sandra Aronson
and
Thomas Voelz

to me known to be the person s who executed
the foregoing instrument and acknowledged the same.

Jeffrey S. Hunt
Notary Public, State of Wisconsin
My Commission is permanent. (If not, state expiration date:
February 4, 2007.)

*Names of persons signing in any capacity should be typed or printed below their signature.

Hunt Management 10520 N. Baehr Road, Ste Q Mequon, WI 53092
Phone: (262) 238 - 1480 Fax: (262) 238 - 1485 Jeffrey Hunt

Produced with ZipForm™ by RE FormsNet, LLC 18026 Fifteen Mile Road, Clinton Township, Michigan 48035 www.zipform.com

Highlands 2 St

HIGHLANDS 2 OWNER'S ASSOCIATION, INC.

DISCLOSURE MATERIALS

SECTION I

OTHER IMPORTANT INFORMATION AND DOCUMENTS

Including:

Water Supply Line Shut-off Valve Location Summary

Site Map

Assessment Payment Policy

Insurance Loss Deductible Policy

E-1

HIGHLANDS 2
WATER SUPPLY LINE
SHUT-OFF VALVE LOCATIONS

As a Highlands 2 Owner and/or Resident, you should be aware of the fact that cold water supply to most units cannot be turned off from within the individual units. Hot water supply can be turned off in each unit at the individual water heaters; however, the cold water supply shut-off valves for 8-unit buildings are in one particular unit, while such valves for all 16-unit buildings are in one of two particular units.

For your reference, we have reprinted here a list, by building number, of these cold water line shut-off valves and units they serve.

BUILDING #1

Water meter housed in 10886 W. Donna Drive
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water.
Valve #3/cold water south $\frac{1}{2}$ of building
Services, 10882, 10886, 10890, 10894 W. Donna Drive
Valve #4/cold water north $\frac{1}{2}$ of building
Services, 10880, 10884, 10888, 10892 W. Donna Drive
Hose Bibs/10880 & 10886 W. Donna Drive

BUILDING #2

Water meter housed in 10854 W. Donna Drive
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water west $\frac{1}{2}$ of building
Services, 10854, 10862, 10870, 10878 W. Donna Drive
Valve #4/2" valve remainder of building
Valve #5/cold water center west $\frac{1}{2}$ of building
Services, 10852, 10860, 10868, 10876 W. Donna Drive
Valve #6/cold water center east $\frac{1}{2}$ of building
Services, 10850, 10858, 10866, 10874 W. Donna Drive
Valve #7/cold water east $\frac{1}{2}$ of building
Services, 10848, 10856, 10864, 10872 W. Donna Drive
NOTE: Valves 5, 6, & 7 are in 10852 W. Donna Drive
Hose Bibs/10848, 10854, 10856, 10862 W. Donna Drive

BUILDING #3

Water meter housed in 8473 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water south $\frac{1}{2}$ of building
Services, 8471, 8475, 8479, 8483 N. 107th Street
Valve #4/cold water north $\frac{1}{2}$ of building
Services, 8469, 8473, 8477, 8481 N. 107th Street
Hose Bibs/8471, 8473 N. 107th Street

BUILDING #4

Water meter housed in 8523 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water south $\frac{1}{2}$ of building
Services, 8519, 8523, 8527, 8531 N. 107th Street
Valve #4/cold water north $\frac{1}{2}$ of building
Services, 8517, 8521, 8525, 8529 N. 107th Street
Hose Bibs/8523, 8525 N. 107th Street

BUILDING #5

Water meter housed in 8541 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water west $\frac{1}{4}$ of building
Services, 8533, 8541, 8549, 8557 N. 107th Street
Valve #4/2" valve remainder of building
Valve #5/cold water center west $\frac{1}{4}$ of building
Services, 8535, 8543, 8551, 8559 N. 107th Street
Valve #6/cold water center east $\frac{1}{4}$ of building
Services, 8537, 8545, 8553, 8561 N. 107th Street
Valve #7/cold water east $\frac{1}{4}$ of building
Services, 8539, 8547, 8555, 8563 N. 107th Street
NOTE: Valves 5, 6, & 7 are in 8543 N. 107th Street
Hose Bibs/8533, 8539, 8541, 8547 N. 107th Street

BUILDING #6

Water meter housed in 8571 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water north $\frac{1}{2}$ of building
Services, 8567, 8571, 8575, 8579 N. 107th Street
Valve #4/cold water south $\frac{1}{2}$ of building
Services, 8565, 8569, 8573, 8577 N. 107th Street
Hose Bibs/8565, 8571 N. 107th Street

BUILDING #7

Water meter housed in 8493 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water south $\frac{1}{4}$ of building
Services, 8485, 8493, 8501, 8509 N. 107th Street
Valve #4/2" valve remainder of building
Valve #5/cold water south center of building
Services, 8487, 8495, 8503, 8511 N. 107th Street
Valve #6/cold water north center of building
Services, 8489, 8497, 8505, 8513 N. 107th Street
Valve #7/cold water north $\frac{1}{4}$ of building
Services, 8491, 8499, 8507, 8515 N. 107th Street
NOTE: Valves 5, 6, & 7 are in 8495 N. 107th Street
Hose Bibs/8485, 8491, 8493, 8499 N. 107th Street

BUILDING #8

Water meter housed in 8459 N. 107th Street
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water north $\frac{1}{2}$ of building
Services, 8455, 8459, 8463, 8467 N. 107th Street
Valve #4/cold water south $\frac{1}{2}$ of building
Services, 8453, 8457, 8461, 8465 N. 107th Street
Hose Bibs/8454, 8459 N. 107th Street

BUILDING #9

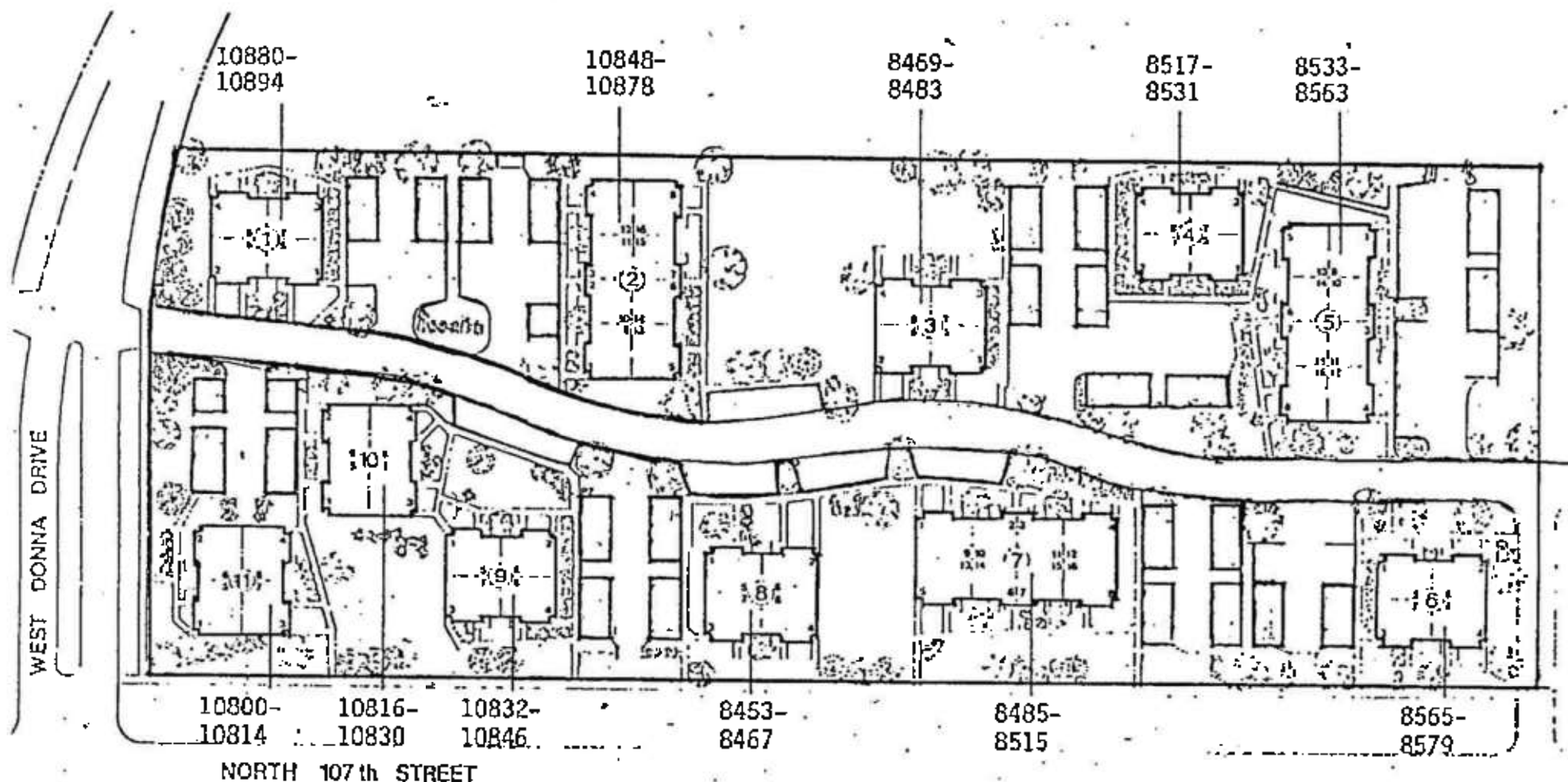
Water meter housed in 10838 W. Donna Drive
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water north $\frac{1}{2}$ of building
Services, 10834, 10838, 10842, 10846 W. Donna Drive
Valve #4/cold water south $\frac{1}{2}$ of building
Services, 10832, 10836, 10840, 10844 W. Donna Drive
Hose Bibs/10832, 10838 W. Donna Drive

BUILDING #10

Water meter housed in 10820 W. Donna Drive
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water east $\frac{1}{2}$ of building
Services, 10816, 10820, 10824, 10828 W. Donna Drive
Valve #4/cold water west $\frac{1}{2}$ of building
Services, 10818, 10822, 10826, 10830 W. Donna Drive
Hose Bibs/10818, 10820 W. Donna Drive

BUILDING #11

Water meter housed in 10804 W. Donna Drive
Valve #1/inlet to meter - shuts off all water
Valve #2/outlet from meter - shuts off all water
Valve #3/cold water east $\frac{1}{2}$ of building
Services, 10800, 10804, 10808, 10812 W. Donna Drive
Valve #4/cold water west $\frac{1}{2}$ of building
Services, 10802, 10806, 10810, 10814 W. Donna Drive
Hose Bibs/10802, 10804 W. Donna Drive





A Community Presence

HIGHLANDS 2 OWNERS ASSOCIATION, INC.

ASSESSMENT PAYMENT POLICY

According to the Association Governing Documents, specifically article V of the By-Laws, annual assessments shall be paid in monthly installments on or before the first day of each month. If not paid within ten days of the due date, the installment shall be in default, shall bear the highest interest rate provided by law, and a \$10.00 late charge will also be imposed.

Further, upon default, all of the unpaid balance of the assessment for the year in which the default occurs shall immediately become due and payable. The lien arising from any unpaid assessment may be enforced and foreclosed according to the law and other legal action may be commenced, the cost of which shall be borne by the defaulting unit owner.

Finally, no unit owner who is in default in any assessment shall be entitled to vote at any regular or special meeting of members of the Association.

BOARD OF DIRECTORS

HIGHLANDS 2 OWNERS ASSOCIATION, INC.



A Community Presence.

November 20, 2018

Dear Highlands 2 Owner,

Re: Insurance Loss Deductible

As you may know, Highlands 2 has had a number of sizable insurance losses in the recent past and some related problems with obtaining affordable insurance coverage due to loss history. Fortunately, the Association has been able to maintain good coverage through Traveler's but at higher deductible levels, currently \$10,000 per loss.

While such deductible has been typically funded by the Unit Owners involved in the loss there was never a formal Resolution addressing same. Therefore, with the assistance of legal counsel, the Board of Directors has adopted the attached Resolution. Such Resolution confirms that the deductible will be funded by the Unit Owner from whose Unit the insured loss originated.

As noted in the attached insurance coverage letter dated July 20, 2018, it is recommended that each Unit Owner obtain his or her own Condominium Unit Owners Insurance policy, customarily referred to as an "H06" policy, to provide coverage for "Personal Property" and "Liability", together with "Building Property" coverage sufficient to cover those exclusions noted in the Bylaws, the \$10,000 deductible and additional "Loss Assessment" coverage. It is also recommended that Tenants carry appropriate and adequate Renter's Insurance.

Please share this letter and Resolution with your personal insurance agent and keep these documents in your Highlands 2 Governing Documents file.

Thank you.

Sincerely,

Hunt Management Incorporated, AAMC
Management Company for
Highlands 2 Owner's Association, Inc.

Jeffrey S. Hunt, PCAM
General Manager

1 HIGHLANDS 2 OWNERS ASSOCIATION, INC.

2
3 **RESOLUTION OF THE BOARD OF DIRECTORS**

4
5 NOVEMBER 12, 2018

6
7
8 Introductory Recitals

9
10 1. Condominium associations are experiencing difficulty
11 obtaining association insurance at reasonable rates, in part, due to multiple
12 small claims made by associations.

13
14 2. Highlands 2 Owners Association, Inc. ("Association") desires
15 to transfer the deductible portion of the loss to the condominium
16 homeowner who can personally insure that risk at relatively low cost. It is
17 anticipated that as a result of this strategy, the Association will be able to
18 continue to obtain a lower cost on insurance by reducing the risk to the
19 insurer of recurring small claims. The transfer of the deductible
20 responsibility to the homeowner, moreover, will tend to encourage
21 homeowners to engage in proactive maintenance of their Units.

22
23 3. The Board of Directors has the power and authority to adopt
24 this rule pursuant to the Bylaws, Art. VI, § 6.4.

25
26 Resolution

27
28
29 **THE BOARD OF DIRECTORS HEREBY RESOLVES AS FOLLOWS:**

30
31 The Rules and Regulations are amended by creating the following
32 provision:

33
34 **XVII. INSURANCE DEDUCTIBLE**

35
36 If maintenance or repair is required as a result of an insured loss, the
37 amount of the deductible shall be considered a maintenance expense to be
38 paid by the owner from whose unit the insured loss originated (even in the
39 absence of negligence). If the insured loss originated from the common
40 elements, the Association shall pay the deductible. The Board's decision
41 on the payment of the deductible shall be final, provided that the Board
42 shall first obtain the opinion of any interested party and shall secure expert
43 advice, if it is deemed required.

44
45 If the insured loss is caused by a unit owner's negligence, that owner
46 shall be responsible for the full amount of the deductible.
47

48 The Association may enforce payment of any amount due from an
49 individual owner toward the deductible or loss in accordance with its power
50 to collect assessments. The assessment shall be a lien on the unit until paid
51 in full. The amount for such assessment against a unit owner shall not be
52 deemed a common expense of the Association.
53

54 **BE IT FURTHER RESOLVED**, this resolution shall be effective
55 seven (7) days after unit owners are given notice of same.
56
57
58
59

60 Amendment Considered

61 At Meeting, 11-12-18 (Date)

62
63 Motion made by: SANDY ARONSON

64
65 Seconded: YES
66 (Yes/No)

67
68 In Favor: 4

69
70 Opposed: 0

71
72
73 Signed: [Signature]
74 Secretary
75