REGAL HEIGHTS CONDOMINIUM

DECLARATION OF CONDOMINIUM

THIS DECLARATION, made this ___ day of May, 2003, by the Royal Builders LLC (hereinafter referred to as the "DECLARANT").

WITNESSETH:

WHEREAS, the DECLARANT is the owner in fee simple of certain real estate located at N162W20291-93 and N162W2031-33 Butternut Lane, Jackson, Wisconsin, more particularly described in Article I; and

WHEREAS, the DECLARANT intends to, and does hereby submit and subject such real estate, together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anyway pertaining thereto, to the provisions of the Wisconsin Condominium Ownership Act, Chapter 703, Wisconsin Statutes, and where applicable to section 703.365 of the Wisconsin Statutes dealing with small residential condominiums.

NOW THEREFORE, the DECLARANT, as the titleholder of the real estate hereinabove referred to and further described below, DECLARES AS FOLLOWS:

ARTICLE I

DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION

The real estate which is herewith submitted and subjected to the provisions of the Condominium Ownership Act, Chapter 703, Wisconsin Statutes is legally described as set forth in Exhibit A attached hereto and incorporated herein.

Said real estate and all improvements thereon and appurtenances thereto shall be known as the REGAL HEIGHTS CONDOMINIUM, a Condominium.

The improvements erected thereon are described in Article III of this Declaration.

ARTICLE II

DEFINITIONS

Words and phrases used in this Declaration of Condominium or in the Bylaws of the shall have the definitions set forth in Section 703.02 of the Wisconsin Statutes, if such words or phrases are included therein.

ARTICLE III

SUBMISSION TO ACT AND PLAN OF DEVELOPMENT

Section 1: Submission of Property to Act: The DECLARANT hereby submits the real estate described in Article I and all buildings and improvements constructed or to be constructed thereon to the provisions of said Condominium Ownership Act.

Section 2: Description of Building: The buildings located on the real estate described in this Declaration shall consist of two buildings containing two (2) side by side condominium units. Each condominium unit has approximately 1662 total square feet of living space on the primary level. Each unit has two bedrooms, two full bathrooms, a living room, a kitchen/dinette, a den and an attached two (2) car garage on the primary level. In addition, units 101 and 102 have a finished lower level consisting of an additional 950 square feet. Each of these lower levels consists of one bedroom, one full bathroom, a family room and an office. All units also have an attached wood deck off the primary level and a concrete patio off the exposed lower level.

Section 3: Unit Boundaries: Except as specifically otherwise set forth herein, unit

perimeters shall be as follows:

a. Horizontal Perimeters:

1. Upper: The horizontal plane of the undecorated finished ceiling of the upper most level.
2. Lower: The horizontal plain of the undecorated finished floor of the lower level.

b. Vertical Perimeters: The vertical plane of the undecorated finished interior walls bounding each unit.

c. Surfaces included in each unit: Each Unit Owner shall own the inner finished surfaces of the walls (dry wall), floors, ceilings (dry wall), bounded his or her respective Unit and all surfaces of components within the Unit.

d. Garages: The garage structure shall also be considered part of the Unit.

e. Doors and Windows: Regardless of anything set forth above, all windows and window screens and related glass and hardware, shall constitute a part of the Unit to which they are a part. In addition, all exterior doors and attachments shall constitute a part of the Unit to which they are appended.

f. Porches and Patios: The wood and concrete porches and patios attached to each unit shall constitute a limited common area.

g. Utilities for individual units: All installations for providing light, power, gas, hot and cold water, heating, refrigeration and air conditioning exclusively to one unit shall be considered part of the Unit. In the case of the air conditioning, this shall also include all apparatus, including the compressor whether it is located inside or outside of the boundaries of the unit.

ARTICLE IV

COMMON AREA AND LIMITED COMMON AREARS

Section 1. Description of Common Areas and Facilities: The Common Areas and facilities shall consist of the following:

a. All portions of the condominium property not included in the unit of condominium; including but not limited to, the yard surrounding each building and the concrete drives and sidewalls abutting each unit.
b. All easements through units for conduits, pipes, pressure tanks, ducts,

plumbing, wiring and other facilities for the furnishing of utility service to more than one unit;

c. The foundations, columns, girders, beams and supports of the unit proper along with the roof of the building and the materials located within or used in connection to its makeup;

d. Tanks, pumps, controls and in general, all apparatus and installations intended for common use.

e. Notwithstanding the foregoing language, the wood decks and concrete patios appended to each Unit shall constitute a limited common element, and are intended for the exclusive use of the unit to which they are appended.

Section 2. Ownership of Common Areas or Elements: Each Unit shall constitute an individual parcel of real property, capable of independent use and fee simple ownership. In addition, each Unit owner shall own, as an appurtenance to the ownership of such unit an undivided one-quarter (1/4) interest in the common area of the condominium. Except as otherwise limited in this Declaration, each unit owner shall have the right to use the common areas for all purposes incident to the use and occupancy of such owner's unit as a place of residence and such other incidental uses permitted by this Declaration. Each unit's percentage of ownership in the common area is calculated by dividing the number one (1) by the total number of units in the condominium.

Section 3. No Partition of Common Areas: There shall be no partition of common area through judicial proceedings or otherwise until this Declaration is terminated and the property is withdrawn from its terms or from the terms of and statute applicable to condominium ownership.

Section 4. Limited Common Areas: Those portions of the Common Areas for the exclusive use and benefit of the Unit shall be designated as Limited Common Areas. The Limited Common Areas shall include the porches and patios that shall be reserved for the exclusive use of the owner or occupant of the Unit. Any expense of maintenance, repair, or replacement relating ordinary wear and tear of such Limited Common Areas shall be treated as and paid for as part of the expense

of upkeep of the Association. However, any damage caused to a deck or patio by the unit owner's particular use of the deck or patio, such as a grill or hot tub shall be charged against the unit owner individually.

Section 5. Flower Beds and Gardens: The Limited Common Areas shall also include any flower beds or gardens which are approved by a vote of 75% of the Board of Directors of the Association. However, in the event that any flower beds or gardens are approved by the Board as Limited Common Areas, it will be the responsibility of each Unit Owner to plant and maintain his or her space in an attractive fashion.

Section 6. Utilities: Each unit owner shall pay for each unit's own utilities which are separately metered and/or billed to the unit owner by the utility company servicing the unit.

ARTICLE V

OTHER PROPERTY RIGHTS AND OBLIGATION OF OWNERS

Section 1. Statement of Purpose: The condominium property and each of the units of condominium are intended for and restricted to residential use only. No owner of any unit shall permit or suffer anything to be done or kept in his or her unit, or on the common areas, which will increase the rate of insurance on the condominium, or which will obstruct or interfere with the rights of other occupants of the condominium. Moreover, no unit owner shall be permitted to annoy the other unit owners by unreasonable noises. Nor shall any such owner undertake any use or practice which shall create or constitute a nuisance to any owner of a unit, or which interferes with the peaceful possession and proper use of any unit, or of the common area. Further, no unit owner may perform any alteration or do any act which would jeopardize the soundness or safety of the property, or reduce the value thereof.

Section 2: Rules and Regulations:

a. The Declarant may lease a Unit to a third party at its sole discretion prior to the unit being conveyed to the unit owner. Following the Declarant's conveyance of any Unit a third party, the Unit shall not be leased.

b. Any occupant occupying a unit with or without the authority of an owner shall comply with all of the restrictions, convenants and conditions imposed hereunder or in the by-laws on a unit owner.

c. Except as hereinafter provided, no unit may be subdivided.

d. Unit owners and occupants are prohibited from parking or storing boats, campers, trailers and/or other recreational vehicles in driveway area for any period of time without the written permission of the Board of Directors. No repair work of any sort shall be undertaken by any unit owner or occupant on any type of motor vehicle, boat, camper or trailer on any of the outside parking areas except in the case of an emergency.

e. No unit owner or occupant shall erect a sign or signs for any purpose whatsoever upon any condominium property except that flags or other types of devices to promote open houses or inspections for sale of units shall be permitted to be exhibited upon the common area in a form acceptable to the residential association. These restrictions concerning signs and other types of advertising shall not be applicable to the Declarant or to its real estate agents employed to sell newly constructed units.

f. Bicycles shall be stored only inside of garages.

g. These rule and regulations may be amended, repealed or adopted by a 75% vote of the unit owners.

h. Customary household pets, including cats, dogs and small birds, may be kept in a Unit but not in the common areas. Any and all costs of repairing damage and cleaning of nuisance caused by a pet shall be assessed against the responsible Unit Owner. In no case may livestock or poultry may be kept on the Condominium. No animals may be kept on the Condominium Property for commercial purposes. Any Unit Owner failing to comply with the provisions contained herein shall be assessed a monthly pet fee in the amount of $100.00 per month until the owner has complied. Such pet fee may be collected in the same manner as assessments under this Declaration.

i. Dogs may not be kept in, or chained to any portion of the common areas. No structure may be erected in the common areas for housing dogs or other animals. All unit owners must keep their dogs on leashes when outside.

j. A Unit Owner may permanently park only one operational car or light truck outside of the garage area of his or her Unit.

Section 3. Use of Common Elements: No trade or business may be carried on in the common area. There shall be no obstruction of the common areas, nor shall anything be kept or

stored on any part of the common area without the prior written consent of the Association. Nothing shall be altered on, constructed, or removed from the common elements except upon the prior written consent of the Association. No garbage containers or other rubbish shall be placed or kept in any common areas or limited common areas, other than those areas designated by the Association.

An owner of a unit shall not paint decorate or alter the appearance of the common area or exterior of the building without the consent of the Association.

Section 4. Separate Real Estate Taxes: It is intended and understood that real estate taxes are to be separately taxed to each unit owner for his or her unit and his or her corresponding percentage of ownership in the common areas. In the event that, that for any year, such taxes are not separately taxed to each unit owner, but are taxed on the property as a whole, then each unit owner shall pay his proportionate share thereof for the allocation in respect to common areas to be in accordance with his respective percentage of ownership interest in the common areas.

ARTICLE VI

MAINTENANCE OF COMMON AREA AND INDIVIDUAL UNITS

Section 1. Common Areas: The Association shall assume the responsibility for the maintenance, repair, and replacement of all portions of the building and other common areas, (excluding however, those items which are defined as part of the Unit by this Declaration) including, but not limiting, bearing columns and walls, driveways and sidewalks, front, back, and side yards, attic areas, insulation, roofing, all pipes and conduits providing services to any Unit which are exterior to the Unit.. The Association shall be responsible for the repair and maintenance of the common areas limited common areas including the porches and railings. However, any damage done to the common areas or the limited common areas as a result of a negligent or intentional act by a particular

home owner shall be assessed against that unit owner by way of a special assessment.

An appropriate general assessment shall be levied against all unit owners by the Association for the maintenance of the common areas and the limited common areas. .

Section 2. Duties of Declarant: Notwithstanding anything set forth above, the Declarant will continue to maintain the all aspects of the common area and limited common areas until all units in the condominium development have been conveyed to unit owners

Section 3. Individual Unit: The responsibility of the unit owner shall be to maintain, repair and replace at his or her expense, all portions of the unit except the portions of each to be maintained, repaired and replaced by the Association, and no unit owner shall paint or otherwise decorate or change any portion of the building not within the dimensions of his or her unit. Further, no unit owner may alter the appearance of any exterior door, window, or other portion of the condominium exterior, without the written consent of the Association.

Section 4. Impairment of Easements: No owner shall impair any easement without first obtaining the written consent of the Association and of the unit owner or owners for whose benefit such easement exists.

ARTICLE VII

TERMINATION / MERGERS

Pursuant to Section 703.28 of the Wisconsin Statutes all unit owners may vote to remove all or part of the Property from the provisions of Chapter 703, Wisconsin Statutes. Upon such removal of the property, it shall be deemed to be owned in common by the unit owners and the undivided interest in the property owned in common which appertains to each unit shall be apportioned equally and in common to the owners of the four units of condominium. The removal and termination provided for in this article in no way bar the subsequent resubmission of this property Condominium

Ownership Act of the State of Wisconsin.

Pursuant to the terms and conditions of Section 703.275 of the Wisconsin Statutes, unit owners may choose to merge or consolidate with other condominiums upon the vote of 75% of the unit owners.

ARTICLE VIII

DECLARATORY STATEMENT OF COVENANTS

TO RUN WITH LAND

This Declaration and all provisions herein contained shall constitute a covenant running with the real estate described herein, and shall be binding upon all owners, occupants, mortgagees and parties claiming an interest in said real estate and their heirs, personal representatives, successors and assigns.

ARTICLE IX

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS.

Section 1. Membership: Each Owner of a Unit shall be entitled and required to be a member of the Association. If title to a Unit is held by more than one person, each of such persons shall be members. An Owner of more than one Unit shall be entitled to one membership for each Unit owned by him. Each such membership shall be appurtenant to the Unit upon which it is based and shall be transferred automatically by conveyance to that Unit. No person or entity other than an Owner of a Unit may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of title to a Unit, provided, however, that the rights of voting may be assigned to a mortgagee as further security for a loan secured by a mortgage on a Unit.

Section 2. Declarant Control: Pursuant to section 703.365 Wis. Stat. an association shall exist immediately upon establishment of the condominium and the declarant shall have rights in the association only as a unit owner.

Section 3. Voting: All Owners shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Unit. There can be no split vote.

Section 4. Unit Value for Voting: The fractional interest for each Unit shall be as set out in Article IV, Section 2, and shall serve as a basis in determining the voting interest of each Unit on matters for determination by Unit Owners and as to other matters described in the Wisconsin Condominium Ownership Act.

ARTICLE X

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. Purpose: The affairs of the condominium property shall be governed by an incorporated non-profit association. The name of the condominium association shall be the REGAL HEIGHTS CONDOMINIUM HOMEOWNERS ASSOCIATION INC (the Association). The powers and duties of the Association shall include, but are not limited to, those powers and duties as set forth in the Articles of Incorporation, Bylaws, this Declaration, the Condominium Ownership Act and the Wisconsin Non-Stock Corporation Law.

Section 2. Board of Directors: All aspects of the operation and management of The Association shall be delegated to a Board of Directors composed of one representative from each

Unit.

Section 3. Personal Liability: No Director or Officer of the Association shall be personally liable to any Unit Owner or to any other party, including the Association, for any loss or damage suffered or claimed on account of any act, omission, error or negligence of such Officer or Director acting in such capacity, provided such person acted in good faith, without willful, intentional misconduct.

ARTICLE XI

COVENANT FOR ASSESSMENTS – RESIDENTIAL UNITS

Section 1. Agreement to Pay Assessments: Each Owner of any Unit by the acceptance of deed therefor, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with each other and with the Association to pay to the Association for the purpose provided in this Declaration, for the annual assessments, for special assessments, for capital improvements, and for any other matters as provided in this Declaration. Such assessments shall be fixed, established and collected from time to time in the manner provided in this Article.

Section 2. Annual Assessments: The Board of Directors of the Association shall, from time to time, and at least annually, prepare a budget for the property and fix the annual assessment.

Section 3. Special Assessment Against All Units: In addition to regular monthly assessments, the Association may levy a special assessment for the purpose of defraying, in whole or in part the cost of any construction, reconstruction, repair or replacement of capital improvements of the Common Elements, including fixtures related thereto.

Section 4. Special Assessment Against a Particular Unit. Special assessments may be made by the Board against a particular Unit Owner and his or her Unit for:

of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the Unit as the Owner thereof.

Section 7. Effect of Nonpayment of Assessments; Remedies of the Association: Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the highest interest rate allowed by law. (In lieu of charging such interest, the Board may, from time to time, fix a reasonable late fee for each month or fraction thereof that each assessment is not paid.) All payments on the account shall be first applied to the interest, if any, and then to the assessment payment first due. The Association may bring any action at law against the Owner personally obligated to pay the same, or foreclose the Lien against the property. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Elements or abandonment of his or her Unit. A suit to recover a money judgment for unpaid expenses hereunder shall be maintainable without foreclosing or waiving the lien securing the same. The Unit Owner shall have no right to vote at any meeting of the Association during all of the time that an assessment against a Unit Owner's Unit has been levied and remains unpaid for more than ten (10) days, or a recorded Statement of Condominium Lien on a Unit remains unsatisfied.

Section 8. Assessment Against Declarant: Notwithstanding any of the provisions in the Declaration, the Declarant as a Unit Owner, shall not be assessed for any monthly assessment for common expenses or special assessments under this section. Rather, the Declarant agrees to assume common area maintenance, repair and insurance up to and including a period of fifteen days following the sale of the last unit included in this Declaration.

ARTICLE XII

ARBITRATION PROCEEDURE

The following procedures shall be followed in the event that (1) a proposed expenditure or action for the repair, maintenance or upkeep of the property, or for the operation of the property, is not approved by the Board and any Unit Owner believes the expenditure or action is necessary for the safety and proper use of the property or of the Owner's Unit, or (2) an expenditure or action is approved by the Board and any Unit Owner believes the expenditure or action is contrary to the safety and proper use of the property or the owner's unit.

(a) The Unit Owner challenging a decision of the Board described above shall give written notice of the objections to all unit owners and mortgagees within 45 days after the decision but before any action is taken or expenditure is made. Upon receipt of this notice, the Board shall reconsider its decision and either affirm, reverse or modify the decision.

(b) The Unit Owner may challenge the decision after reconsideration by the Board only in an arbitration proceeding under Chapter 788 of the Wisconsin Statutes. Acceptance of a conveyance of a condominium Unit under this declaration is deemed to constitute an agreement by the unit owner to submit challenges to decision of the Board to arbitration.

(c) The Board, upon submission of the matter to arbitration, shall name a proposed arbitrator. The Unit Owner may accept the proposed arbitrator or propose a different arbitrator. If there is no agreement on a single arbitrator, the two arbitrators shall select a third person and three shall serve as an arbitration panel chaired by the third person. The expense of the arbitration shall be shared equally by the Association and the Unit Owner challenging the decision of the Board.

(d) The arbitration award by the arbitration panel shall permit or prohibit the decision of the Board and the decision shall not be implemented, if it is an affirmative action, until the award is final unless there is a bona fide emergency requiring it.

ARTICLE XIII

INSURANCE FOR UNITS

Section 1. Obligation of Association: The Association, for the benefit of all Unit Owners, shall insure the Units against loss or damage by fire and such other hazards as the Association may deem desirable, for the full insurable replacement cost of the Units, without prejudice to the right of each Unit Owner to also insure his or her own Unit for his or her own benefit. The premiums for such insurance on the Units shall be deemed common expenses, provided, however, that in charging the same to the Unit Owners, consideration may be given to the higher premium rates on some Units than on others. Such insurance coverage shall be written in the name of, losses under which shall be adjusted by, and the proceeds of such insurance shall be payable to, the Association as trustee for the Unit Owner or Unit Owners.

Section 2. Liability Insurance: The association shall provide public liability insurance covering the common areas and the limited common areas and directors' liability insurance in such amounts as may be determined in the discretion of the association from time to time. The association may also provide workmen's compensation insurance and such other insurance as in the opinion of the Board is reasonably necessary and not inconsistent with the Declaration or the Bylaws of the Association.

Section 3. Exclusion for Coverage: Notwithstanding anything to the contrary herein, the insurance coverage obtained by the Board shall exclude:

1) Any coverage for personal property located within or pertaining to the exclusive use of a Unit, included but not limited to, appliances, window glass, carpeting and floor coverings. Wall coverings, such as wallpaper, mirrored walls or paneling, and;
2) Any liability coverage on a Unit owner, guests, invitees or other occupants of such unit, arising out of any and all occurrences and happenings within a Unit