BY-LAWS

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BY-LAWS OF
BIRCH TREE CONDOMINIUMS ASSOCIATION

ARTICLE I

Plan of Unit Ownership

Section 1. Condominium Unit Ownership. The property located in Sheboygan County, State of Wisconsin (the "Property") known as BIRCH TREE CONDOMINIUMS (the "Condominium") has been submitted to the provisions of the Wisconsin Condominium Ownership Act (the "Act") by a Declaration of Condominium (the "Declaration") recorded in the office of the Register of Deeds for Sheboygan County on _____, in Vol. _____ commencing at Page _____ as Document No. _____.

Section 2. Applicability of By-Laws and Definitions. These By-Laws are adopted as the By-Laws of BIRCH TREE CONDOMINIUMS Association (the "Association") to serve as an unincorporated association of unit owners under the Act. The provisions of these By-Laws are applicable to the Property and to the use and occupancy thereof. The term "Property" and other capitalized terms used herein shall, unless the context or the Declaration requires otherwise, have the same meaning as used or defined in the Act.

Section 3. Office and Mailing Address. The initial office and mailing address of the Association and of the Board of Directors of the Association (the "Board of Directors") shall be located at the office of the Declarant c/o George Pjevach, 3885 Hillside Rd., Slinger, WI 53086, until all units have been sold, conveyed and paid for, at which time the Association shall designate a new office and mailing address.

ARTICLE II

Board of Directors

Section 1. Number and Qualification. The affairs of the Association and of the Property shall be administered by the Board of Directors. The Board of Directors shall be composed of one representative from each unit.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of all aspects of management, operation and duties of the Association and of the Property. The Board of Directors shall

have full powers and authority necessary for or desirable for the complete enforcement the provisions of the Act, the Declaration and these By-Laws.

Section 3. Manager. The Board of Directors may employ for the Property a manager, at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize.

Section 4. Election and Term of Office. The owners of each unit in the Condominium shall select one owner to serve as a member of the Board of Directors from among the unit owners of such unit. The term of office of members of the Board of Directors shall run until their respective successor has been selected as provided for in section 5, Article II of these By-Laws.

Section 5. Replacement of Members of the Board of Directors. At any time, the owners of a unit may replace the member of the Board of Director who has an ownership interest in such unit.

Section 6. Meetings. Meetings of the Board of Directors shall be held at ~~least once every three months at such time and place as shall be determined from time to~~ time by the members of the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, in the manner best calculated to assure that actual notice is received by such member, at least 48 hours prior to the time of such meeting.

Section 7. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place of the meeting. If all the members of the Board of Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 8. Quorum of Board of Directors. At all meetings of the Board of Directors, one hundred percent of the directors shall constitute a quorum for the transaction of business, and the unanimous vote of all the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors.

Section 9. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting in such capacity.

Section 10. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, failure to

adhere to the provisions of the Declaration or these By-Laws, negligence or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of the unit owners arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be shared by the unit owners equally, and the liability of any single unit owner shall be limited to one-half of the total liability.

Section 11. Informal Action and Telephonic Meetings. Any action which is required to be taken at a meeting of the Board of Directors or which may be taken at such a meeting, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter. Such consent shall have the same force and effect as a unanimous vote. Meetings may be held by telephonic conference.

ARTICLE III

Unit Owners

Section 1. Place of Meeting. Any meetings of the unit owners shall be held at a suitable place convenient to the unit owners as may be designated by the Board of Directors.

Section 2. Notice of Meetings. The Board of Directors shall give notice of each meeting of the unit owners in a manner best calculated to assure that actual notice is received by the owners of all units, at least 10 but not more than 20 days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held.

Section 3. Voting. There shall be one vote in the Association appurtenant to each unit. Where the unit is sold under a land contract, the land contract vendee shall be entitled to vote the vote appurtenant to said unit (where there are two vendees, they shall be considered joint owners).

Section 4. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of unit owners having 100% of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

Section 5. Unanimous Vote. The vote of all unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes.

Section 6. Secretary. Declarant shall appoint a Secretary to preside at meetings, record and retain possession of the minutes, and counts votes. The Unit owners may elect a new Secretary at the first meeting of the Association. The term of the Secretary shall be for one year after which a vote shall occur to elect a new Secretary or re-elect the previous Secretary.

Section 7. Action by Unanimous Consent. Any action required to be taken or which may be taken at a meeting of unit owners may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all unit owners entitled to vote thereon. The signature required in each instance shall be that person who is then entitled to cast the vote for a unit. All such consent action shall have the same force and effect as a unanimous vote.

Section 8. Title to Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, ~~in the name of a corporation, limited liability company or partnership, or in the~~ name of a fiduciary.

Section 9. Membership.

(a) All unit owners shall be members of the Association. The foregoing is not intended to include persons who hold an interest in a unit merely as security for the performance of an obligation. Land contract vendors shall not be members; land contract vendees shall be members. Membership shall be appurtenant to and may not be separated from ownership of any unit.

(b) Initial membership in the Association shall be established by the recording of the Declaration in the office of the Register of Deeds for Sheboygan County, Wisconsin. Transfer of membership in the Association shall be established by the recording in the office of the Register of Deeds for Sheboygan County of a deed or other instrument establishing a change of record title to a unit or the recording in said office of a land contract.

ARTICLE IV

Operation of the Property

Section 1. Determination of Common Expenses. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Property, determine

the amount of the common expenses for the forthcoming year and allocate and assess such common expenses against the unit owners. The assessment for common expenses for the entire year shall be effective as of January 1 of each year and the assessments shall be paid in monthly installments or such other manner as determined by the Board of Directors. The common expenses shall also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including without limitation, an amount for the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of section 2 of this Article IV, for working capital, for a reserve fund for the periodic maintenance, repair and replacement of common elements based upon the estimated remaining useful life of such elements, for a reserve for contingencies, and for making up any deficit in the common expenses for any prior year. The Board of Directors shall advise each unit owner in writing of the amount of common expenses payable by him, and shall furnish copies to all unit owners of each budget on which such common expenses are based. If the actual expenses of the Association exceed the budgeted expenses, or in the event of special circumstances requiring additional funds with respect to one or more units, the Board of Directors shall be empowered to meet whenever necessary and to assess additional common expenses or special assessments against one ~~or more of the unit owners which shall be payable as the Board of Directors directs.~~

Section 2. Insurance. The Association shall be required to obtain and maintain, to the extent obtainable, fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings or other personal property supplied or installed by unit owners), together with all heating equipment and other service machinery contained therein, and all limited common elements; such insurance shall cover the Property and shall name as insureds the Association, and all unit owners and their mortgagees and land contract vendors, as their interests may appear, in an amount equal to not less than the replacement value of the buildings, without deduction for depreciation, with inflation guard endorsement, if available. Each policy shall provide that proceeds shall be payable to the Association. All such policies shall provide that adjustment of loss shall be made by the Association, and that the net proceeds thereof, if $10,000 or less, shall be payable to the Association, and if more than $10,000, shall be payable to the insurance trustee appointed by all the unit owners and their mortgagees and land contractor vendors.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on coinsurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least 30 days' prior written notice to the Association and to each first mortgagee and land contract vendor named as an insured in such policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Association

shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the buildings including all of the units and all of the common and limited common elements without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this section.

The Association shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Association may from time to time determine (provided that such limits shall at all times equal or exceed the limit established by Declarant set forth below), covering each member of the Board of Directors, the managing agent or manager (if any) and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board of Directors shall review such limits once each year. Until otherwise determined by the Board of Directors, such public liability insurance shall be in a single limit of at least $1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence. Such liability insurance shall provide that the policy may not be canceled or substantially modified without at least 30 days' prior written notice to the Association and to each other holder of a first mortgage or land contract vendor listed as a scheduled holder of a first lien in the policy. The Association shall obtain and maintain workmen's compensation insurance to the extent necessary to comply with any applicable laws.

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

Unit owners or their mortgagees or land contract vendors shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation, that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance, and that all reasonable efforts shall be made to place such additional insurance with the carrier issuing insurance obtained by the Association. The insurance obtained by the Association will not cover the contents of units or public liability claims arising out of occurrences happening within the boundaries of the units.

Section 3. Repair and Reconstruction After Damage.

(a) In the event of any damage to or destruction of the Property in an amount equal to or less than 50% of the replacement cost of the improvements on the entire Property, whether or not the insurance proceeds, if any, are

sufficient to complete repair or reconstruction, the Board of Directors is authorized to and shall arrange for the prompt repair and reconstruction of such damaged portion of the Property substantially in accordance with the original plans and specifications of such portion (including any damaged units, and any kitchen or bathroom fixtures initially installed therein by the Declarant, but not including any wall, ceiling or floor decorations, painting or coverings or other furniture, furnishings, fixtures or equipment installed by unit owners in the units), and the Board of Directors shall disburse any insurance proceeds to the contractors engaged in such repair and reconstruction in appropriate progress payments. Any cost of such repair and construction in excess of the insurance proceeds shall be a common expense and the Board of Directors may assess the unit owners for such deficit as part of the common expenses.

By acceptance of the deed to his unit, each unit owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall constitute the determination by the unit owners and the Association to repair or reconstruct as required by the Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the unit owners, then the affirmative vote of one unit owner shall be sufficient to determine to repair or reconstruct.

(b) In the event the Property is destroyed or damaged in an amount in excess of 50% of the replacement cost of the entire Condominium, and insurance proceeds, if any, constitute less than 100% of the cost of completing repair or reconstruction, the Association by vote of the Board of Directors may determine within 90 days after such damage or destruction not to proceed with repair or reconstruction. If the Association determines to repair or reconstruct, or if the Association fails to vote within 90 days after such damage or destruction as to whether to repair or reconstruct, the Board of Directors shall arrange for such repair or reconstruction in accordance with subparagraph (a) of this section. If the Association determines not to repair or reconstruct, the Property shall be deemed to be owned in common by the unit owners in proporation to their respective undivided percentage interests in the common elements and shall be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net insurance proceeds, shall be divided by the Board of Directors among all the unit owners in proporation to their respective undivided percentage interests in the common elements, after first paying out of the share of each unit owner, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each unit owner.

(c) In the event the Property is destroyed or damaged in an amount in excess of 50% of the replacement cost of the entire Condominium, and insurance proceeds are equal to or greater than 100% of the cost of completing repair or

reconstruction, the Board of Directors is authorized and shall arrange for such repair or reconstruction in accordance with subparagraph (a) of this section.

By acceptance of the deed to his unit, each unit owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall constitute the determination by the unit owners and the Association to repair or reconstruct as required by the Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the unit owners, then the affirmative vote of one unit owner shall be sufficient to determine to repair or reconstruct.

Section 4. Payment of Common Expenses. All unit owners shall be obligated to pay the common expenses assessed by the Board of Directors pursuant to the provisions of section 1 of this Article at such time or times and in such manner as the Board of Directors shall determine, including automatic withdrawals from the unit owners' checking accounts into a designated depository. A late charge of up to $50 may be imposed by the Board of Directors against a unit owner if any balance in common expenses remains unpaid more than five days after payment is due.

No unit owner shall be liable for the payment of any part of the common expenses assessed against his unit subsequent to a sale, transfer or other conveyance by him thereof. A purchaser of a unit shall be liable for the payment of common expenses assessed against such unit prior to the acquisition by him of such unit except that if the Association or Board of Directors furnishes a statement pursuant to section 703.16 of the Act, such liability shall be limited to the amount set forth therein.

Each unit owner shall be obligated to pay common expenses hereunder notwithstanding the fact that he may have a pending dispute with the Association or the Board of Directors on any matter.

Section 5. Collection of Assessments. The Board of Directors shall take prompt action to collect from a unit owner any assessment due which remains unpaid by him for more than 30 days from the due date for its payment.

Section 6. Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Board of Directors the assessed common expenses, such unit owner shall be obligated to pay interest at the highest annual rate permitted by law, on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common expenses. The Board of Directors shall have the right and duty to attempt to recover such common expenses, together with interest thereon, and the expenses of the proceedings, including attorneys' fees, in an action

brought against such unit owner, or by foreclosure of the lien on such unit granted by section 703.16 of the Act.

Section 7. Rules of Conduct. Rules and regulations concerning the use of the units and the common and limited common elements may be promulgated and amended by the Board of Directors. The Board of Directors shall furnish copies of such rules and regulations to each unit owner prior to their effective date.

Section 8. Maintenance of the Common Elements and Limited Common Elements. All maintenance, repairs and replacements to the common elements [(including the cleaning, maintenance and repair of windows and doors, except as provided in subparagraph (a) above and subparagraph (c) below)] shall be made by the Association and be charged to all the unit owners as a common expense in accordance with section 6(c) of the Declaration (unless necessitated by the negligence, misuse, misconduct or neglect of a unit owner, in which case such expense shall be charged to such unit owner). The Board of Directors shall maintain the common elements of the Condominium in good condition and repair and shall make all repairs and replacements necessary for the safety of the unit owners and residents of the Condominium, to maintain the value of the units and to ensure that the Condominium and its components last their full expected useful life.

The owner of each unit shall keep the limited common elements appurtenant to his unit in good condition and repair and shall make all repairs and replacements necessary for the safety of the unit owner, and to maintain the value of the units and the Condominium.

Section 9. Structural Additions, Alterations or Improvements by Unit Owners.

(a) A unit owner may make additions, improvements or alterations within his unit which do not impair the structural integrity or lessen the support of any portion of the Property. No additions, improvements or alterations may impair or adversely affect the common elements of the Condominium or another unit.

(b) No unit owner shall make any change in, nor affix anything to, the exterior of his unit or of any portion of the common or limited common elements.

ARTICLE V

Miscellaneous

Section 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provision thereof.

Section 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 4. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 5. Conflicts. These By-Laws are set forth to comply with the requirements of the Act. In case any of these By-Laws conflict with the provisions of such Act, the provisions of such Act shall control. In case any of these By-Laws conflict with the provisions of the Declaration, the Declaration shall control.

ARTICLE VI

Amendments to By-Laws

Section 1. Amendments to By-Laws. These By-Laws may be modified or amended by a unanimous vote of the authorized votes of all unit owners, such vote to be taken at a meeting of unit owners duly held for such purposes.