SECTION III

BY-LAWS OF

BIRCHWOOD CONDOMINIUM ASSOCIATION, LTD.

ARTICLE I

Identity

These are the By-laws of Birchwood Condominium Association, Ltd., a Wisconsin non-stock corporation. The Association has been organized for the purpose of administering a condominium pursuant to Chapter 703, Wisconsin Statutes, called the Condominium Act in these By-laws, which condominium is identified by the name: Birchwood Condominiums and is located upon the land in Kenosha County, Wisconsin, described in Exhibit A attached hereto and made a part hereof.

A. The office of the Association shall be 2900 - 14th Lane, Kenosha, Wisconsin.

** B. The fiscal year of the corporation shall be from September 1 to August 31.

C. The seal of the corporation shall be circular in form and shall have inscribed thereon the name of the corporation and the word "Wisconsin" and the words "Corporate Seal."

ARTICLE II

Members' Meetings

A. The annual members' meeting shall be held at the office of the Association at 8:00 P.M. on the last Tuesday in November of each year for the purpose of transacting any other business authorized to be transacted by the members; provided, however, that if the day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday.

B. Special members' meetings shall be held whenever called by the President, Vice-President, or a majority of the Board of Directors and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

C. Notice of all members' meetings stating the time and place and the objects for which the meeting is called shall be given by the President, Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the

Associations and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by affidavit of the person giving his notice. Notice of meeting may be waived before or after the meeting.

D. A quorum at members' meeting shall consist of the number of persons entitled to cast a majority of the votes of the entire membership. The acts approved by a majority of the votes of members present at a meeting at which a quorum is present shall constitute the acts of the members, except when approval by a greater number of members is required by the Declaration of Condominium, the Articles of Incorporation or these By-laws.

E. Voting:

1. In any meeting of members, the owners of the dwelling units shall be entitled to cast the number of votes indicated as follows: The owner of each dwelling unit shall be entitled to cast one vote.

2. If a dwelling unit is owned by one person, his right to vote shall be established by the record title to his unit. If a dwelling unit is owned by more than one person, or by a corporation, or is under lease, the person entitled to cast the vote or votes for that unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the Secretary of the Association or designated by a certificate signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in ownership of the dwelling unit concerned. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement of a quorum nor for any other purpose.

3. Proxies: Votes may be cast in person or by proxy. A proxy may be made by any persons entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary of the Association before the appointed time of the meeting.

4. Adjourned meetings: If any meeting or members cannot be organized because a quorum has not attended, the meeting may be adjourned from time to time by the members who are present in person or by proxy until a quorum is present.

5. The order of business at annual members' meetings and as far as is practical at other members' meetings shall be as follows:

a. Election of Chairman
b. Calling of roll and certifying of proxies
c. Proof of notice of meeting or waiver of notice
d. Reading and disposal of any unapproved minutes
e. Reports of officers
f. Reports of committees
g. Election of election inspectors
h. Election of directors
i. Unfinished business
j. New business
k. Adjournment

6. Proviso: Provided, however, that until the Declarant of the condominium has sold ninety percent (90%) of the units contemplated by the Declaration of condominium including the initial phase and Phase II and Phase III, no unit owner but Declarant shall be entitled to vote on any matter whatsoever. Declarant may, however, at its option, reduce said ninety percent (90%) requirement to a lesser percentage in which case it shall give notice in writing to all unit owners of such election.

ARTICLE III

Directors

** A. Membership: The affairs of the Association shall be managed by a Board of five Directors.

B. Election of Directors shall be conducted in the following manner:

1. The election of Directors shall be held at the annual members' meeting.

** 2. On or before September 15th, the Board of Directors will notify all owners of impending vacancies on the Board to be filled by election at the annual owner's meeting. This notice will ask that owners interested in becoming a candidate contact a current Board member orally or in writing, not later than September 30th, to have their name placed in nomination and included on a voting ballot to be distributed to all owners. The Board of Directors will publish and distribute a ballot of nominees for election to impending vacancies on or before October 30th. The ballot will constitute a proxy vote that owners may return and have exercised by the Board of Directors at the annual owner's meeting. Election to the Board will be determined by a simple majority of votes cast. If multiple vacancies are to be filled, the

sequential highest vote totals will determine the elected candidates. In the event of tie votes, the current Board of Directors will determine the elected candidate by a majority vote of the Board cast for those with tie votes.

In the event that no names are submitted for nomincation on the voting ballot, the Board of Directors shall designate two nominees for each impending vacancy on the Board.

3. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his vote for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

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

5. Any Director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

6. Provided, however, that until the Declarant has sold ninety percent (90%) of the units contemplated by the Declaration of Condominium including the initial phase and Phase II and Phase III, the first Directors of the Association shall serve, and in the event of vacancies, the remaining Directors shall fill the vacancies, and if there be no remaining Directors, the vacancies shall be filled by the Developer. Declarant may, however, at its option, reduce said ninety percent (90%) requirement to a lesser percentage in which case it shall give notice in writing to all unit owners of such election.

** C. The term of each Director shall be two years. This period will extend to the next annual meeting of the members and subsequently until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided. The Board of Directors elected November 1976 shall initiate the two year term provisions above. Directors serving a second term which terminates November 1977 shall be the first vacancies.

D. The organization meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time and place as shall be fixed by the Directors at the meeting at which they are elected, and no further notice of the organization meeting shall be necessary.

E. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

F. Special meetings of the Board of Directors may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time and place and purpose of the meeting.

G. Waiver of Notice: Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

H. A quorum at meetings of the Directors shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board, except when approval by a greater number of Directors is required by the Declaration of Condominium and the Articles of Incorporation or these By-laws.

I. Adjourned meetings: If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting originally called may be transacted without further notice.

J. Joinder in meeting by approval of minutes: The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.

K. The presiding officer of Directors' meetings shall be the President or in his absence the Vice-President. In the absence of the presiding officer, the Directors shall designate one of their number to preside.

* L. Absence from two consecutive regular meetings of the Board of Directors as defined in Article III, Paragraph E, of the By-laws shall constitute resignation from the Board. However, if prior to or on the second regular meeting of the Board of Directors a written statement requesting excuse is submitted to the Board it must be considered by majority vote of the remaining Board members for approval or disapproval.

A vacated position on the Board of Directors resulting from absences may be filled by appointment for the remainder of the term vacated. A majority vote of the remaining Directors shall be required to obtain an appointment to the Board of Directors under this provision.

M. Powers and duties of the Board of Directors: All of the powers and duties of the Association existing under the Condominium Act, the Declaration of Condominium and these By-laws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to the approval by dwelling unit owners when such is specifically required.

ARTICLE IV

Officers

** A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, who shall be a Director, a Treasurer, who shall be a Director, a Secretary, who shall be a Director, and an Assistant Secretary, who shall be a Director, all of whom shall be elected annually by the Board and who may be preemptorily removed by the vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or Assistant Secretary. At the organization meeting of the newly elected Board of Directors, the Board will designate officer titles in accord with the above and divide and assign to the five the following areas of responsibility for follow-up and coordination:

Sidewalk snow removal
Pool operations
Outdoor lighting
Landscape maintenance
Weed control
Liaison contact with contractors
New owner orientation
Clubhouse operations
General maintenance
Sewage systems
Laundry facilities
Underground garage
Antenna systems

and other duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the members of the Association from time to time as he deems necessary and appropriate, to assist in the conduct of the affairs of the Association.

C. The Vice President in the absence or disability of the President shall exercise the powers and perform the duties of the President. He shall also assist the President generally and exercise such other duties as shall be prescribed by the Directors.

D. The Secretary shall keep the minutes of all proceedings of the Directors and members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He shall keep the records of the Association except those of Treasurer and perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent or unable to serve.

E. The Treasurer shall have custody of all property of the Association including funds, securities and evidence of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer of an Association.

** F. Directors shall serve voluntarily without compensation for administrative services, consultive services, and/or for labor rendered to the Association. The above provision shall not preclude the Board of Directors from determining and establishing fees for employees of the Association, nor preclude the contracting with an individual, who is not on the Board, or business for the management of the Association.

ARTICLE V

Fiscal Management

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and the Articles of Incorporation shall be supplemented by the following provisions:

A. Accounts: The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expense:

1. Current expenses which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except those expenditures which are chargeable to reserves, to additional improvements or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

2. Reserve for deferred maintenance; which shall include funds for maintenance items that occur less frequently than annually.

3. Reserve for replacement which shall include funds for repair and replacement required because of damage, depreciation or obsolescence.

4. Betterments, which shall include funds to be used for capital expenditures for additional improvements or additional personal property that will be a part of the common elements.

5. Operations which shall include the gross revenues from the use of the common elements. On the additional direct expense required by the revenue production operations, if any, will be charged to this account and any surplus from such other operations shall be used to reduce the assessments for current expense in the year following the year in which the surplus is realized. Losses from operations shall be met by special assessments against dwelling unit owners, which assessments may be made in advance in order to provide a working fund.

** B. The Board of Directors shall make a cash-flow budget for each fiscal year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. This shall be done twice annually on or before June 5th of each fiscal year showing a projection fifteen months into the future, and an amended cash-flow budget on or before December 5th of the fiscal year showing projections twelve months into the future. Copies of the two budgets will be distributed to each member not later than thirty days following their preparation. If either budget is subsequently amended, a copy of the amended cash-flow budget shall be furnished to each member.

** C. Assessments: Monthly assessments against the dwelling unit owners for their shares of the items of the budget shall be made for the fiscal year annually in advance on or before the 20th day of August preceding the year for which the assessments are made. Such assessments shall be made and due in twelve (12) equal installments on the first day of each calendar month of each year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the same amount as the last prior assessment and monthly installments on such assessments shall be due upon each installment payment date until an amended assessment is made.

1. Acceleration of assessment installments upon default: If a dwelling unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the unit owner and then the remaining unpaid balance of the assessment shall become due and payable upon the date stated in the notice, but not less than ten (10) days after the delivery of the notice to the dwelling unit owner or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. The Board of Directors shall have the right to turn the water off if the unit owner remains in default in the payment of assessments. The assessments which are in default shall constitute a lien against the real property owned by the dwelling unit owner in the condominium property.

2. Assessments for emergencies: Assessments for common expenses of emergencies that cannot be paid from annual assessments for common expenses shall be made only after notice of the need for such is given to the dwelling unit owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the dwelling unit owners concerned, the assessment shall become effective and it shall be due after thirty (30) days written notice in the manner as the Board of Directors may require in the notice of assessment.

3. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

** 4. An audit of the accounts of the Association shall be made annually by a certified public accountant and a copy of the audit shall be furnished to each member and to any holder of a mortgage upon condominium property or upon any dwelling unit not later than December 1 of the year following the year for which the audit is made.

* 5. Improvement assessments: Assessments for the refurbishing or improving of common areas which cannot be paid from the annual assessments for common expenses as forecasted in the Cash-Flow Budget shall be made only after notice of the need is given to the unit owners. After such notice and upon approval in writing by persons entitled to cast more than 60% of the votes of all dwelling units, the assessment shall become effective and shall be due after 60 days from the delivery of written notice to the unit owner.

D. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors but shall not be less than one-half of the amount of the total annual assessments against members by the Association for common expenses. The premiums on such bonds shall be paid by the Association.

* E. In the event of emergencies, individual Directors shall have unilateral authority to obligate the Association for an expenditure not to exceed $50 dollars per month. Such expenditures will be automatically approved at the next regularly scheduled meeting of the Board of Directors. Pooling of authority by the Directors to effect an expenditure in excess of $50 dollars prior to the next regular meeting of the Board of Directors shall be permitted.

* F. All expenditures by the Association will require a majority approval by the Board of Directors and notation in the monthly minutes of the Board meeting. The officer or officers with authority to make contracts or to expend funds shall be designated in the above notation to the monthly minutes of the Board meeting.

Exceptions to the above provisions shall include the emergency authority for each Director given in Article V,F, and the payment of Association utility bills subject to price discounts when the discount date falls due prior to the next regularly scheduled meeting of the Board. Checks for utility bills will still require signatures by at least two members of the Board of Directors. Utility expenditures made to qualify for discounts will be automatically accepted and approved at the next regular meeting of the Board of Directors.

* G. All disbursements of funds by the bookkeeper for the Association will be validated by an accompanying bill or invoice. Such disbursements will be made only by checks drawn against the bank accounts of the Association. Credits to owners' accounts is expressly prohibited as a means to disburse Association funds.

* H. Due dates for assessments shall be established as follows:

Monthly Assessments:	Due not later than the 15th of the month
Special Assessments:	As prescribed in the voter authorization
Emergency Assessments:	As prescribed in the voter authorization
Utility Assessments:	Due not later than 14 days from the billing date

Assessments not paid by the due date require the Board of Directors to follow the collection procedures below.

1. The Bookkeeper for the Association shall be instructed to send a notification letter to the unit owner or lessee not sooner than ten (10) days nor later than fifteen (15) days after the failure to pay the assessment by the due date.

2. Such notification letter shall specify the amount of assessment due and state that if not paid within fifteen (15) days from the date of the letter will cause the Board of Directors to accelerate the remaining assessment installments for the fiscal year and to have a lien placed against the property title in accordance with Article V, C,1 of the By-laws.

3. If at the end of the fifteen (15) day period provided in Step 2 above, the late assessment is not paid, the Board shall have a lien executed by an Attorney appointed by the Board of Directors. Additionally, a second notification letter shall be sent by the Bookkeeper for the Association and state that if the late assessment, including subsequent assessments, is not paid within ten (10) days from the date of the second notification letter that the Board of Directors will direct its Attorney to proceed with legal actions as provided in Article VII, sub-paragraphs B and C.

ARTICLE VI

Parliamentary Rules

Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration of Condominium, the Articles of Incorporation or these By-laws.

ARTICLE VII

Management

A. General: The Board of Directors shall be responsible for the management of the Association and the property subject to the Declaration of Condominium.

B. Rules and Regulations: The Board of Directors may adopt and implement any rule or regulation reasonable and necessary to efficiently manage the Association and subject property. All rules or regulations adopted by the Board of Directors shall be distributed in writing to all members.

C. Pets: The Board of Directors shall regulate the usage of the common areas by all pets, including but not limited to the banning of any particular type of animal from using the common areas.

D. Balconies: The Board of Directors shall regulate the use of the small balconies appurtenant to any unit.

E. Patios: The Board of Directors shall extend to the unit owners of all town houses the option of caring for the patios appurtenant to such units or having said patios included as part of the common area for maintenance.

* F. Each unit owner shall receive monthly copies of the following documents:

1. Minutes of all meetings of the Board of Directors.
2. Summary statements of check disbursements and revenues for each month.

* G. Board of Director approval for the leasing of owned units will require the lessor and lessee to comply with the following stipulations:

1. Lessor and lessee must have executed by the appointed Attorney of the Association a separate lease binding the lessor, lessee, and Condominium Association according to the following provisions.

LESSOR AGREEMENT

AGREEMENT made this _____ day of _____, 1977 by and between Birchwood Condominium Association hereinafter referred to as "Condo", _____, hereinafter referred to as "Lessor" and _____, hereinafter referred to as "Lessee."

WHEREAS, Lessor desires to lease to Lesse the property known as _____ and

WHEREAS, Lessee desires to let the aforementioned property and,

WHEREAS, "Condo" has an interest in the aforementioned property.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. The Lessor has prior to the execution of this agreement, submitted the proposed lease to the Board of Directors of "Condo" for the approval and "Condo" has approved said lease.

2. The Lessor and Lessee hereby agree, in order to insure that all maintenance assessments, special condominium assessments, utility fees, and damages to common properties, are paid during the term of the lease, that the sum of _____ shall be placed in escrow with "Condo". The Lessee agrees that during the term of the lease that he will pay when due all maintenance fees, utility charges and special assessments assessed against the demised premises by "Condo". The parties agree that failure of the Lessee to pay when due the aforementioned assessments shall result in the termination of the Lease between Lessor and Lessee and in addition the parties agree that the escrow paid hereunder may be used to pay any past due assessments owed by Lessor and Lessee to "Condo."

3. Lessee hereby agrees that he shall be bound by the terms and conditions of the Birchwood Condominium Association including all Policies, Rules, and By-Laws, thereof dated _____ day of _____, 19___, and Lessee and Lessor agrees that violation of the terms and conditions of the aforementioned Rules and By-Laws and Policies, shall result in termination of the lease between Lessor and Lessee.

4. Lessor and Lessee agree that they shall jointly and severably be liable for any and all attorney's fees incurred by "Condo" should "Condo" be required to take action to terminate the lease.

5. Lessor and Lessee shall provide "Condo" with certificates of insurance at the commencement of the lease.

6. Any legal proceedings for recourse by Lessee shall be prosecuted against the "Condo" and not any individual director of "Condo."

7. Lessee hereby acknowledges that he has received a copy of the Rules, By-Laws, and Amendments thereto of the Birchwood Condominium Association.

8. Lessor and Lessee agree to pay a service charge (aggregate) to "Condo's" attorney for preparation of agreement.

9. Lessor and Lessee agree that this agreement and the Lease shall be signed in the office of "Condo's" attorney.

BIRCHWOOD CONDOMINIUM ASSOCIATION

BY: _____

2. The escrow amount required in the Lessor Agreement shall be fixed by the sum of the following amounts:

   a. The dollar value equal to the monthly assessment, as determined by the Board of Directors, multiplied by 12.

   b. The dollar value equal to one month of rental cost. Rental cost will be determined by the unit owner. If rental cost is specified for periods other than monthly, then a monthly average shall be calculated to determine one month of rental cost.

   c. The dollar value equal to the annual gas utility bill for the past fiscal year paid by the unit to be leased. This pertains to units in Buildings #3 and #4 only.

3. The escrow amount calculated above shall be kept in a trust fund, designated by the Board of Directors, and retained during the full term of the lease and renewals thereof.

ARTICLE VIII

Amendment

Except as elsewhere provided, these By-laws, the Articles of Incorporation and the Declaration of Condominium may be amended in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

B. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided each such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided such approvals must be either by:

   1. Not less than 75% of the entire membership of the Board of Directors and not less than 75% of the votes of the entire membership of the Association; or

   2. Not less than 80% of the votes of the entire membership of the Association.

C. An amendment to the Articles of Incorporation and the Declaration of Condominium shall be recorded in the public records of Kenosha County, Wisconsin, immediately after its adoption and shall not become effective until it has been so recorded.

D. The Percentage of the undivided interest of each unit owner in the common areas and facilities as expressed in the declaration shall have a permanent character and shall not be altered without the consent of all of the unit owners expressed in an amended Declaration duly recorded.

The foregoing were adopted as the By-laws of Birchwood Condominium Association, Ltd., a Wisconsin non-stock corporation, at the first meeting of the Board of Directors held on February 23, 1973.