SECTION I

DECLARATION OF CONDOMINIUM OF BIRCHWOOD CONDOMINIUMS

UNITED STATES GENERAL, INC., a Wisconsin corporation, hereinafter referred to as the Declarant, does hereby declare that the property hereinafter described shall be subject to the Unit Ownership Act of the State of Wisconsin, Section 703.01 to 703.28 inclusive of the Wisconsin Statutes and to this Declaration of Condominium. The name by which this condominium is to be identified is Birchwood Condominiums.

ARTICLE I

Description of Property Subject to Declaration

The property which is initially submitted to the condominium form of ownership is described as follows, to-wit:

All that part of the Northeast one-quarter of section 13, Town 2 North, Range 22 East, City of Kenosha, Kenosha County, Wisconsin, being that part of Somer Place, a planned unit development to be known as Phase I bounded and described as follows:

Beginning at a point on the North One-Quarter line of of Section 13 said point being N00° 06' 20" W of and 144.00 feet distant from the center of said section; thence continuing N00° 06' 20" W along said one-quarter line and the centerline of 30th Avenue (Wood Road) 519.21 feet; thence N86° 16' 00" E, 487.07 feet; thence 501° 32' 48" E, 316.00 feet thence 506° 12' 00 E, 202.59 feet to a point on the centerline of 14th Place (Birch Road); thence S86° 16 ' 00" W. along said centerline 516.58 feet to the place of beginning and containing 5.910 acres.

Reserving therefrom a strip of land 33 feet in width lying East of and adjacent to the above described centerline of 30th Avenue (Wood Road) for public road purposes.

Also reserving therefrom a strip of land 33 feet in width lying North of and adjacent to the above described centerline of 14th Place (Birch Road) for public road purposes.

Said legal description may be supplemented so as to include the description contained in Exhibits C and D attached hereto, said description describing parcels of land referred to as Phase II and Phase III which are alluded to in Article XIII(C) below.

The improvements erected thereon are described in later articles of this Declaration.

ARTICLE II

Definitions

The terms used in this Declaration of Condominium and in its exhibits shall have as the meaning stated in the Unit Ownership Act and as follows unless the context otherwise requires:

A. Unit, resident unit, apartment unit or dwelling unit means unit as defined in the Unit Ownership Act.

B. Unit owner, resident unit owner, apartment unit owner or dwelling unit owner means a unit owner as defined by the Unit Ownership Act.

C. Association means the Birchwood Condominiums Condominium Association, Ltd. Whenever notice is required to be given to the Association hereunder or whenever action is authorized to be taken by the Association the term "Association" shall mean action by or notice to the Board of Directors of the Association then in office and in accordance with the Articles and By-Laws of the Association then in effect.

D. The common elements and areas shall include all portions of the condominium property not included in the unit and which includes all matters designated in Section 703.02 (6) of the Unit Ownership Act. Common elements shall also include the tangible personal property required for the maintenance and operation of the condominium, even though owned by the Association.

E. Common expenses include:

1. Expenses of administration, expenses of maintenance, operation, repair or replacement of common elements and of portions of the dwelling units to be maintained by the Association.

2. Expenses declared common expenses by the provisions of this Declaration or by the By-laws, including but not limited to losses from revenue-producing operations, if any.

3. Any valid charges against the condominium property as a whole.

F. Condominium means all the condominium property as a whole, when the context so permits, as well as the meaning stated in the Unit Ownership Act.

G. Whenever the context so permits, the use of plural shall include the singular, the use of the singular shall include the plural and the use of any gender shall be deemed to include all genders.

H. 1. Utility services as used in the Declaration and By-Laws shall mean utility services for common areas including but not limited to electric power, gas, hot and cold water heating, refrigeration, air conditioning and garbage and sewer disposal.

2. In addition to those common expenses which are common to all of the units, heating expense including gas utilized for fuel and repairs and maintenance of the heating units themselves, shall be common to only 48 of the residential units in the initial phase, being those units included in Buildings 3 and 4 (24 units each). The expenses which are included in this paragraph shall be charged only to unit owners

in said Buildings 3 and 4. Such expenses shall be referred to hereinafter as common heating expenses.

ARTICLE III

Plan of Development

The plan of development of Birchwood Condominiums is described and established as follows:

A. Survey and plot plan: A survey of the land subject to this Declaration showing the improvements on it is attached hereto as Exhibit A.

B. Improvements: Improvements shall be constructed upon the property indicated by said survey and plot plan. The improvements will be designated as Birchwood Condominiums. The improvements are being constructed substantially in accordance with the plans and specifications prepared by Shepherd, Legan, Aldrian, Ltd. architects, and which plans are recorded as a part of this Declaration. Said plans and specifications are identified by an appropriate signature certifying that they are an accurate copy of the plans of improvements as filed with and approved by appropriate municipal authorities and other governmental supervisions or public agencies having jurisdiction over the issuance of permits for the construction of the buildings as required under Section 703.13 of the Unit Ownership Act.

C. Amendment of Plans: Declarant reserves the right to make minor changes in the plans of all units as long as the Declarant owns the units so altered and as long as such changes comply with existing building codes and have been approved by the appropriate building code enforcement agencies. Declarant may do so without the need to amend this Declaration. No such change shall increase the number of residence units or alter its basic interior and exterior design.

D. Easements are reserved through the condominium property and may be required for utility services in order to serve the condominium adequately; provided, however, such easements through a residence unit shall be only according to the plans and specifications for the apartment building or as the building is constructed, unless approved in writing by the residence unit owner.

E. Improvements – general description:

1. Apartment buildings: The condominium includes apartment buildings, said buildings being divided as follows:

a. The Type A building will be a two story building of 24 units per building, all two bedroom units, each unit being on one floor with outdoor parking.

b. The Type B building will be a two story building consisting of 24 units per building, all one bedroom units, each unit being on one floor, with outdoor parking.

c. The Type C buildings will consist of four buildings of six units each, each unit being a two or three bedroom apartment with a first and second floor and an attached garage in the rear.

Each unit shall contain common elements consisting of stairways, walks and walkways, entranceways and storage and uitlity rooms.

2. Other improvements: The condominium includes automobile parking areas, walks, grounds, landscaping and recreational areas, including but not limited to a swimming pool and a recreation building.

3. Indoor parking facilities: Each Type B building shall have indoor parking facilities which may be separately sold and owned, except that ownership of such indoor parking facilities shall be limited to persons who are also owners of dwelling units. No additional charges shall be assessed against an owner of an indoor parking facility for common expenses.

4. The buildings shall be constructed principally of frame with a brick and siding veneer.

F. Dwelling unit boundaries: Each dwelling unit shall include that part of the building containing that unit that lies within the boundaries of unit which are as follows:

1. Upper boundary – the horizontal plane of the undecorated ceiling.

2. Lower boundary – the horizontal plane of the undecorated finished floor.

3. Perimetrical boundaries – the vertical planes of the undecorated finished interior walls bounding the unit extended to inner sections with each other and with the upper and lower boundaries.

G. Common elements: The common elements shall include all portions of the condominium property not included in the unit and which includes all matters designated in Section 703.02 (6) of the Unit Ownership Act of the Wisconsin Statutes. It shall also include easements through units for conduits, pipes, ducts, plumbing, wiring and other facilities for furnishing utility services to units and common areas and easements of support in every portion of a unit which contribute to the support of the building. The common elements include but are not limited to the following: automobile parking areas, stairways, walks and walkways, grounds, landscaping, storage and utility rooms and utility installations.

ARTICLE IV

Dwelling Units

The dwelling units of the condominium are described more particularly and the rights and obligations of their owners are established as follows:

A. Typical unit plans: There are four typical unit plans of buildings numbered 1, 2, 3, 4, 5 and 6 which are shown on sketches attached hereto as Exhibit B-1. Said Exhibit

B-1 shows the unit number of each unit, a statement of its location, approximate area, number of rooms and immediate common areas.

B. Dwelling unit numbers: In the central phase there are 72 dwelling units in the four buildings identified on the floor plans attached hereto and made a part hereof.

C. Appurtenances to dwelling units: The owner of each dwelling unit shall own a share and interest in the condominium property, which share and interest are appurtenant to his unit and which shall be pro rata to the ratio that the number of units owned bears to the total number of completed units in the project. Notwithstanding the above, the obligation to pay common expenses shall be as follows: Each two bedroom unit owner shall have an undivided share and interest in the common elements equal to the base as defined in this Article; each one bedroom unit owner shall have an undivided share and interest in the common elements equal to ninety percent (90%) of base; and each three bedroom unit owner shall have an undivided share and interest in the common elements equal to one hundred ten percent (110%) of base.

D. Liability for common expenses: Each dwelling unit owner shall be liable for his proportionate share of the common expenses, such share being that set out in Paragraph C above. The percentage shall include common expenses for all completed units.

E. Base as used in this Article shall mean the ratio that the unit bears to the total number of units completed.

ARTICLE V

Maintenance, Alteration and Improvement

A. The Board of Directors of the Association shall enter into a contact with any firm, person or corporation for the maintenance of and repair of the condominium property and shall join with other condominium corporations in contracting with the same firm, person or corporation for maintenance as follows:

1. By the Association: The Association shall maintain and replace at the Association's expense all portions of a building unit except the interior surfaces, contributing to the support of the condominium building, which portions shall include but not be limited to load bearing columns and load bearing walls.

2. By the dwelling unit owner: The responsibility of the dwelling unit owner shall be as follows:

a. To maintain, repair, and replace at his expense all portions of his unit except the portions to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other unit owners.

b. Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the condominium buildings or the common elements.

c. To report promptly to the Association any defect or any need for repairs for which the Association is responsible.

3. Alteration and improvement: Except as elsewhere reserved to the Declarant, neither a dwelling unit owner nor the Association shall make any alteration in the portions of a unit of the condominium building that are to be maintained by the Association, or remove any portion of such, or make any additions to them, or do anything that would jeopardize the safety or soundness of the building, or impair any easement, without first obtaining the approval in writing of the unit owners in whose units such work is to be done and the approval of the Board of Directors of the Association. A copy of all plans for such work prepared by an architect licensed to practice in the State of Wisconsin shall be filed with the Association prior to the start of work.

B. Common elements:

1. By the Association: The maintenance and operation of the common elements shall be the responsibility of the Association and a common expense.

2. Alteration and improvement: After the completion of the improvements included in the common elements contemplated by this Declaration, there shall be no alterations or further improvements of the common elements without prior approval in writing by the record owners of all dwelling units provided, however, that any alteration or improvements to the common elements bearing the approval in writing of the record owners of not less than 75% of the common elements and which do not interfere with the rights of any owners without their consent, may be done if the owners who do not approve are relieved from the initial cost of such alteration or other improvement. The share of any cost not so assessed shall be assessed to the other unit owners in the same proportion that their shares in the common elements bear to each other. There shall be no changes in the shares and rights of a dwelling unit owner in the common elements altered or further improved, whether or not the unit owner has contributed to the costs of such alteration or improvement. The costs of such work shall not be assessed against a bank, life insurance company, or savings & loan association that acquired its title as a result of owning a mortgage upon the apartment owned unless such owner approved the alteration or improvement and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings.

ARTICLE VI

Assessments

The making and collecting of assessments against dwelling unit owners for common expenses shall be pursuant to the

By-laws and subject to the following provisions:

A. Share of common expenses: Each residence unit owner shall be liable for a share of the common expenses and shall share in the common surplus, such shares being the same as that set forth as the obligation to pay common expenses set forth in Article IV C above.

B. Interest, application of payments: Assessments and installments on assessments paid on or before ten days after the date when due shall bear interest at the rate of 10% per annum from the date when due until paid. All payments upon account shall first be applied to interest and then to the assessment payment first due.

C. Liens for assessment: A lien for unpaid assessments shall also secure a reasonable attorney's fee incurred by the Association incident to the collection of such assessment or enforcement of such lien.

D. Rental pending foreclosure: In any foreclosure of a lien for assessments remaining unpaid, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the dwelling unit and the Association shall be entitled to the appointment of a receiver to collect the same.

E. As soon as the Declarant has terminated its control of the condominium, Declarant shall be liable for the same assessments and the same share of the common expenses and common surplus for each dwelling unit owned by Declarant as the owners of the other dwelling units for the condominium and shall be subject to the same penalties for default in any assessment payment.

ARTICLE VII

Association

The operation of the condominium shall be by the Birchwood Condominium Association, Ltd., a non-stock corporation under Wisconsin Statutes Chapter 181 which shall fulfull its functions pursuant to the following conditions:

A. Powers: The Association shall have all of the powers and duties set forth in the Unit Ownership Act, except as limited by this Declaration, in the By-laws and all of the powers and duties reasonably necessary to operate the condominium as set forth in this Declaration and the By-laws, as they may be amended from time to time.

B. Membership: Membership of the Association shall consist of the record owners of the units who shall have one (1) vote for each unit owned by them subject however, to Article VII F of this Declaration.

C. Limitation upon liability of the Association: Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to dwelling unit owners for injury or damage other than the cost of maintenance and repair caused by any latent condition of the property to be maintained and repaired by the Association or caused by the elements or other unit owners or other persons.

D. Restraint upon assignment of shares and assets: The shares of members in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the unit or units owned.

E. Approval or disapproval of matters: Whenever the decision of a dwelling unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such unit owner if in an Association meeting, unless the joinder of record owners is specifically required by this Declaration.

F. Voting Restrictions: Declarant shall be entitled to one (1) vote for every unit that it owns. All other unit owners shall have one (1) vote for each unit owned, but shall not be entitled to vote on any matter whatsoever until the Declarant has sold ninety percent (90%) of the units contemplated by this Declaration including the initial phase and Phase II and Phase III (see Art. XIII C below) except that Declarant at its option may reduce said ninety percent (90%) requirement to a lesser percentage of its option in which case it shall give notice in writing to all unit owners of such election.

ARTICLE VIII

Insurance

The insurance, other than title insurance, that shall be carried upon the condominium property and the property of the dwelling unit owners shall be governed by the following provisions:

A. Authority to purchase, named beneficiary: All insurance policies upon the condominium property shall be purchased by the Association. The named insured shall be the Association individually and as agent for the dwelling unit owners without naming them, and as agent for their mortgagees. Provisions shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of unit owners. Such policies shall provide that payments by the insurer for losses shall be made to the Association and all policies and their endorsements shall be deposited with the Association. Dwelling unit owners may obtain coverage at their own expense upon their personal property and for their personal liability and living expense.

B. Coverage:

1. Casualty: All buildings and improvements upon the land shall be insured in the amount equal to the maximum insurable replacement value, excluding foundations and excavation costs and all personal property included in the common elements shall be insured for its value, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against the following:

a. Loss or damage by fire and other hazards

covered by a standard extended coverage endorsement; and

b. Such other risks as from time to time shall customarily be covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to, vandalism and malicious mischief.

2. Public liability: Public liability insurance in such amounts and with such other coverage as shall be required by the Board of Directors of the Association.

3. Workmen's compensation insurance to meet the requirements of law.

4. Such other insurance as the Board of Directors of the Association shall from time to time determine to be desirable.

C. Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

D. Share of Proceeds:

1. Common elements: Proceeds on account of damage to the common elements shall be an undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to his dwelling unit.

2. Dwelling units: Proceeds on account of damage to dwelling units shall be held in the following undivided shares:

a. When the building is restored: For the owners of the damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

b. When the building is not to be restored: For the dwelling unit owners in the same proportion as their original investment in the individual dwelling units bear to each other.

3. Mortgagees: A mortgage endorsement may be issued on the mortgagee's interest in a dwelling unit and the interest of the unit owner as their interests may appear, but no mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired and no mortgagee shall have the right to apply or have applied to the reduction of a mortgage that any insurance proceeds except distributions of such proceeds made to the unit owner and the mortgagees pursuant to the provisions of this Declaration.

E. Distribution of proceeds: Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

1. Reconstruction or repair: If the damage for which the proceeds are paid is to be repaired or reconstructed the remaining proceeds shall be paid to defray the costs of such as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a dwelling unit and may be enforced by such mortgagee.

2. Failure to reconstruct or repair: If it is determined in the matter elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be paid to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a dwelling unit and may be enforced by such mortgagee.

F. Association as agent: The Association is irrevocably appointed agent for each unit owner and for each owner of a mortgage or other lien upon the dwelling unit and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

ARTICLE IX

Reconstruction or Repair After Casualty

Determination to reconstruct or repair: If any part of the condominium property shall be damaged by casualty, whether or not to reconstruct or repair shall be determined in the following manner:

A. In the event of fire, casualty or any other disaster, the insurance proceeds, if sufficient to reconstruct or repair the building and other improvements shall be applied to such reconstruction or repair. Reconstruction or repair as used herein shall mean restoring the building and other improvement to substantially the same condition in which they existed prior to the fire, casualty, or other disaster. Such reconstruction or repair shall be accomplished by the Board of Directors of the Association.

B. If the insurance proceeds are insufficient to reconstruct or repair the building and other improvements but are equal to at least ninety percent (90%) of the cost of said reconstruction and repair, then they shall be reconstructed or repaired by the Board of Directors of the Association using insurance proceeds and the owners shall be assessed for the deficiency.

C. If the insurance proceeds are less than ninety percent (90%) of the cost to reconstruct or repair the building and other improvements, then the determination as to whether or not to reconstruct or repair the same shall be made by a vote taken of the members of the Association within ninety (90) days from the date of the fire, casualty, or disaster. An affirmative vote of at lease seventy-five percent (75%) of the total number eligible to vote shall be required in order to reconstruct or repair the building, and such decision shall also provide that the members shall be assessed for the deficiency. If the required number of mem-

bers do not vote in favor of reconstruction or repair within said ninety (90) day period, then the provisions of §703.26 of the Wisconsin Statutes shall apply.

D. Notwithstanding all of the foregoing, in the event seventy-five percent (75%) or more of the building and other improvements above the foundation are destroyed, then the determination as to whether or not to reconstruct or repair the same shall be made by a vote taken of the members of the Association within ninety (90) days of the date of the fire, casualty or disaster. An affirmative vote of at least seventy-five percent (75%) of the total number eligible to vote shall be required in order to reconstruct or repair the same. If the required number of members do not vote in favor of reconstruction or repair within said ninety (90) day period then the provisions of Section 703.26 of the Wisconsin Statutes shall apply.

E. Responsibility: If the damage is only to those of one unit for which the responsibility of maintenance and repair is that of a unit owner then the unit owner shall be responsible for the reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

F. Assessments: If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repair by the Association, or if at any time during the reconstruction and repair the funds for the payment of costs thereof are insufficient, assessments shall be made against the dwelling unit owners in the case of damage to the common elements, in sufficient amounts to provide funds for the payment of such costs.

ARTICLE X

Use Restrictions

The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the apartment buildings exist in useful condition upon the land.

A. Dwelling units: Each of the dwelling units shall be occupied only by a family, its servants and guests as a residence and for no other purpose. Except as reserved to the Declarant, no dwelling unit shall be divided or subdivided into a smaller unit nor any portion sold or otherwise transferred without first amending this Declaration to show the changes in the dwelling unit to be affected.

B. Common elements: The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the use and enjoyment of the dwelling unit owners.

C. Nuisances: No nuisance shall be allowed upon the condominium property, nor any use or practice that is the source of annoyance to other unit owners, or which interferes with peaceful possession and proper use of the property by other dwelling owners. All parts of the condominium property shall be kept in a clean and sanitary condition and no rubbish, refuse, trash or garbage allowed to accumulate nor any fire hazard allowed to exist. No owner shall permit any use of his unit or make any use of the common elements that will increase the cost of insurance upon the condominium property.

D. Lawful use: No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part thereof. All ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

E. Leasing: After approval by the Association as elsewhere provided, entire dwelling units may be rented provided the occupancy is by the lessee only.

F. Regulation: Reasonable regulations concerning the use of the condominium property may be amended from time to time by the Association in the manner provided in its By-laws. Copies of such regulations and amendments shall be furnished by the Association to all dwelling unit owners upon request.

G. No boats, boat trailers, trucks, campers or motor scooters are to be stored in parking lots or in common areas.

H. Proviso: Until the Declarant has completed all of the contemplated improvements and closed sales of all of the dwelling units, neither the unit owners nor the Association shall interfere with the completion of the improvements and the sale of the dwelling units. Declarant may make such use of the unsold units and common areas as may facilitate such completion and sale, including but not limited to the maintenance of a sales office, as many model apartments as it deems necessary, the display of signs and the showing of property. Further until sold Declarant may lease such units on such terms and for such periods as Declarant elects from time to time.

ARTICLE XI

Maintenance of Community Interests

In order to maintain a community of congenial unit owners who are financially responsible and thus maintain and protect the value of the dwelling units, the transfer of units by any owner other than the Declarant shall be subject to the following provisions as long as the condominium exists and the buildings in useful condition exist upon the land, which provisions each dwelling unit owner covenants to observe:

A. Right of first refusal: The Association shall have the option to purchase any unit which is offered for sale by any unit owner other than Declarant at a price agreed upon by the unit owner and the Association.

B. Transfers subject to approval: If the Association declines to exercise its said right of first refusal the following provisions shall apply:

1. Sale: Other than Declarant no dwelling unit owner may dispose of a unit or any interest therein by

sale without the approval of the Association. (See Article II C providing that the Association acts by its Board of Directors).

2. Lease: Other than Declarant no dwelling unit owner may lease a unit or any interest therein without the approval of the Association, except to another dwelling unit owner or owners.

3. Gift, devise or inheritance and other transfers: If any dwelling unit owner acquires his title by gift, devise, inheritance or other manner not considered above the continuance of his ownership shall be subject to the approval of the Association.

C. Approval by the Association: The approval of the Association that is required for the transfer of ownership of dwelling units shall be obtained in the following manner:

1. Notice to Association:

a. Sale: Other than Declarant a dwelling unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the prospective buyer and such other information concerning the intended sale as the Association may reasonably require. Such notice, at the unit owner's option, may include a demand that the Association furnish a purchaser if not approved. If such demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell.

b. Lease: Other than Declarant a dwelling unit owner intending to make a bona fide lease of his dwelling unit or any interest therein shall give the Association notice of such intention, together with the name and address of the intended lessee and such other information concerning the lesee as the Association may require and an executed copy of the proposed lease.

c. Gift, devise or inheritance; other transfers: A dwelling unit owner who has obtained his title by gift, devise or inheritance or by any other manner not previously considered, shall give to the Association notice of the acquiring of his title, together with such other information concerning the unit owner as the Association may reasonably require and a certified copy of the instrument evidencing the owner's title.

d. Failure to give notice: If the above required notice to the Association is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a dwelling unit, the Association, at its election and without notice, may approve or disapprove the transaction or ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval.

2. Certificate of approval:

a. Sale: If the proposed transaction is a sale, then within thirty (30) days after receipt of such notice and information, the Association shall either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by an officer of the Association.

b. Lease: If the proposed transaction is a lease, then within thirty (30) days after receipt of such notice and information the Association shall either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by an officer of the Association.

c. Gift, devise, inheritance or other transfers: If the dwelling unit owner giving notice has acquired his title by gift, devise or inheritance or in any other manner other than by purchase, then within thirty (30) days after receipt of such notice and information, the Association must either approve or disapprove the continuance of the ownership of such dwelling unit. If approved, the approval shall be stated in a certificate executed by the President and Secretary of the Association, which shall be recorded in the public records of the Register of Deeds, Kenosha County, at the expense of the unit owner.

C. Disapproval by the Association: If the Association shall disapprove a transfer of ownership of a dwelling unit, the matter shall be disposed of in the following manner:

1. Sale: If the proposed transaction is a sale and if the notice of sale given by the unit owner shall so demand, then within thirty (30) days after receipt of such notice and information, the Association shall deliver by registered mail to the unit owner an agreement to purchase the dwelling unit by the Association or by a purchaser approved by the Association who will purchase and to whom the unit owner must sell the unit upon the following terms:

a. At the option of the purchaser to be stated in the agreement, the price to be paid shall be that stated in the disapproved sale contract or shall be the fair market value determined by arbitration in accordance with the then existing rules of the American Arbitration Association who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of arbitration shall be paid by the purchaser.

b. The purchase price shall be paid in cash.

c. The sale shall be closed within thirty (30) days after the delivery or mailing of the agreement to purchase or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later.

d. A certificate of the Association executed by its President and Secretary approving the purchaser shall be recorded in the public records of the Register of Deeds, Kenosha County, at the expense of the purchaser.

e. If the Association shall fail to provide a purchaser upon the demand of the unit owner in the manner provided or if a purchaser furnished by the Association shall default in the agreement to purchase then notwithstanding the disapproval, such ownership shall be deemed to have been approved and the Association shall furnish a certificate of approval as elsewhere provided, which shall be recorded in the public records of the Register of Deeds, Kenosha County, at the expense of the purchaser.

2. Lease: If the proposed transaction is a lease, the unit owner shall be advised of the disapproval in writing and the lease shall not be made.

3. Gift, devise, inheritance or other transfers: If the dwelling unit owner giving notice has acquired his title by gift, devise, inheritance or in any other manner not considered herein, then within thirty (30) days after receipt from the unit owner of the notice and information required to be furnished, the Association shall deliver or mail by registered or certified mail to the unit owner an agreement to purchase the unit concerned by a purchaser approved by the Association who will purchase and to whom the unit owner must sell the unit upon the following terms:

a. The sale price shall be the fair market value determined by the agreement between the seller and purchaser within thirty (30) days from delivery or mailing of such agreement. In the absence of an agreement as to price, the price shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association based upon an average of their appraisals of the unit. A judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of such arbitration shall be paid by the purchaser.

b. The purchase price shall be paid in cash.

c. The sale shall be closed within ten (10) days following the determination of the sale price.

d. A certificate of the Association executed by its President and Secretary and approving the purchaser shall be recorded in the public records of the Register of Deeds, Kenosha County, at the expense of the purchaser.

e. If the Association shall fail to provide a purchaser as required by this instrument, or if a purchaser furnished by the Association shall default in his agreement to purchase, then notwithstanding the disapproval such ownership shall be deemed to have been approved and the Association shall furnish a certificate of approval as elsewhere provided, which shall be recorded in the public records of the Register of Deeds, Kenosha County, at the expense of the unit owner.

D. Mortgage: No dwelling unit owner may mortgage his unit nor interest therein without the approval of the Association except to a bank, life insurance company or savings & loan association or to a vendor to secure a portion or all of the purchase price. The approval of any other mortgages may be upon conditions determined by the Association or may be arbitrarily withheld.

E. Exceptions: The foregoing provisions of this Section entitled "Maintenance of Community Interests" shall not apply to a transaction whereby title to a dwelling unit is transferred to or purchased by a bank, life insurance company, or savings and loan association that acquires its title as the result of owning a mortgage upon the dwelling unit, and this shall be so whether the title is acquired by deed from the mortgagor, his successors or assigns, or through foreclosure proceedings, nor shall such provisions apply to a transfer, sale or lease by a bank, life insurance company, or savings & loan association that so acquires its title. Neither shall such provisions apply in requiring the approval of a purchaser who acquires title to a dwelling unit at a duly advertised public sale with open bidding provided by law, such as but not limited to an execution sale, foreclosure sale, judicial sale or tax sale.

F. Unauthorized transactions: Any sale, mortgage or lease not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

ARTICLE XII

Compliance and Default

Each dwelling unit owner shall be governed by and comply with terms of this Declaration of Condominium, the Articles of Incorporation, the By-laws and the regulations adopted pursuant to those documents and all of such as they may be amended from time to time. Failure of a dwelling unit owner to comply with such documents and regulations shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Unit Ownership Act.

A. Negligence: A dwelling unit owner shall be liable for any expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any invitee, guest, employee, agent lessee but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. A unit owner shall pay the Association the amount of any increase in its insurance premiums which may be occasioned by the use, misuse, occupancy or abandonment of a unit or its appurtenances

or of the common elements of the unit owner.

B. Cost and attorneys' fees: In any proceedings arising because of an alleged failure of a unit owner or the Association to comply with the terms of the Declaration of Condominium, Articles of Incorporation or By-laws or of the regulations adopted pursuant to them and the documents and regulations as they may be amended from time to time, the prevailing parties shall be entitled to recover costs of the proceeding and such reasonable attorneys' fees as may be awarded by the court.

C. No waiver of rights: Failure of the Association or of any other unit owner to enforce any covenant, restriction or other provisions of the Unit Ownership Act, this Declaration, the Articles of Incorporation, the By-laws or the regulations of the Association shall not constitute a waiver of the rights to do so thereunder.

ARTICLE XIII

Amendments

Except as provided in Article XIII C and Article XIV F, this Declaration of Condominium may be amended according to the provisions of the Articles of Incorporation and the By-laws of the Association.

A. Proviso: No amendment shall discriminate against any dwelling unit owner nor against any unit or group of units, unless the unit owner so affected shall consent and no amendment shall change any unit or the share in the common elements appurtenant to it, nor increase the owner's share in the common expenses, unless the record owner of the unit concerned and all record owners of mortgages upon such unit shall join in the execution of the amendments.

B. Execution or Recording: A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with the formality of a deed. The amendment shall be effective only when such certificate and a copy of the amendment are recorded on the public records of the Register of Deeds, Kenosha County.

C. It is contemplated that additional phases of the project will be constructed to be designated as Phase II and Phase III, such phases to be constructed on the areas which are described in Exhibit C and Exhibit D attached hereto. It is further contemplated that Phase II and Phase III shall consist of residential units substantially similar to the residential units contained in the initial phase both with respect to size and architectural exterior, and that accordingly the entire project consisting of all three phases shall be one project when completed. Phase II and Phase III shall when completed consist of no more than 130 units in total. It is, therefore, contemplated that if and when Phase II and Phase III are constructed they shall be included in the provisions of this Declaration and the unit owners shall participate in the expense referred to above for common areas and shall participate in the Association. Therefore, this Declaration may be amended to accomplish the foregoing, i.e. to include the owners of units in Phase II and Phase III hereunder on the same terms and conditions as apply to the owners of units in the initial phase.

ARTICLE XIV

Termination

The condominium may be terminated in the following manner in addition to the manner provided in the Unit Ownership Act:

A. Destruction: If it is determined in the manner elsewhere provided that the condominium building shall not be reconstructed because of major damage, the condominium plan of ownership will be terminated without agreement.

B. Agreement: The condominium may be terminated at any time by approval in writing of all record owners of dwelling units and all record owners of mortgages on dwelling units. If the proposed termination is submitted to a meeting of the members of the Association, the notice of the meeting giving the notice of the proposed termination and if the approval of the owners of not less than seventy-five per cent (75%) of the common elements and the approval of all owners of all mortgages upon the dwelling units are obtained in writing not later than thirty (30) days after the date of such meeting, then the approving owners shall have an option to buy all of the units of the other owners for the period ending on the sixtieth (60th) day from the date of such meeting. Such approvals shall be irrevocable until the expiration of the option and if the option is exercised, the approvals shall be irrevocable. The option shall be upon the following terms:

1. Exercise of option: The option shall be exercised by delivery or mailing by registered mail to each of the record owners of dwelling units to be purchased an agreement to purchase signed by the record owners of units who will participate in the purchase. Such agreement shall indicate which units will be purchased by each participating owner and shall require the purchase of all units owned by owners not approving the termination, but the agreement shall effect a separate contract between each seller and its purchaser.

2. Price: The sale price for each unit shall be the fair market value determined by agreement between the seller and the purchaser within thirty (30) days from the delivery or mailing of such agreement and in the absence of the agreement as to price, it shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association and the arbitrators shall be two appraisers appointed by the American Arbitration Association, who shall base their determination upon an average of their appraisals of the unit to be purchased. A judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expenses of such arbitration shall be paid by the purchaser.

3. Payment: The purchase price shall be paid in cash.

4. Closing: The sale shall be closed within ten (10) days following the determination of the sale price.

C. Certificate: The termination of the condominium in either of the foregoing manners shall be evidenced by its President and Secretary certifying as to the facts effecting the termination, which certificate shall become effective upon them being recorded in the public records of the Register of Deeds, Kenosha County.

D. Shares of owners after termination: After termination of the condominium, the dwelling unit owners shall own the condominium property and all of the assets of the Association as tenants in common in undivided shares that shall be the same as the undivided shares in the common elements appurtenant to the owners' units prior to the termination.

E. The removal and termination provided for in this Article shall in no way bar the subsequent resubmission of this property to the Unit Ownership Law of the State of Wisconsin.

F. Amendment: This section concerning termination cannot be amended without the consent of all dwelling unit owners and all of the record owners of the mortgages upon the units.

ARTICLE XV

Service of Process

Service of process pursuant to Section 703.11 (8) of the Unit Ownership Act shall be made upon Fred Treu at 1442-30th Avenue, Kenosha, Wisconsin unitl the Association designates such person.

ARTICLE XVI

Severability and Conclusion

The invalidity in whole or in part of any covenant or restriction of any section, subsection, clause, phrase or word, or other provisions of this Declaration of Condominium, the Articles of Incorporation, By-laws and/or regulations of the Association shall not affect the validity of the remaining portions.

IN WITNESS WHEREOF, the Declarant has executed this Declaration of Condominium this twenty-third day of February, 1973.

UNITED STATES GENERAL, INC.

By _____
President

ATTEST:

By _____
Secretary

[CORPORATE SEAL]

STATE OF WISCONSIN)

) SS

COUNTY OF WAUKESHA)

Before me, the undersigned authority, this day personally appeared Helmut Siewert and William W. Treu, known to be the President and Secretary, respectively, of United States General, Inc., a Wisconsin corporation, and they stated before me that they executed the foregoing Declaration of Condominium as the officers of said corporation and that said instrument was duly executed freely and voluntarily as the authorized act of said corporation and that the official seal of the corporation is affixed thereto.

Witness my hand and official seal this 23rd day of February, 1973.

Laurel A. Baldwin

Notary Public, County of Waukesha
Wisconsin.
My commission expires 3/7/76

(Notary Seal)

Amendment to Declaration of Condominium of

Birchwood Condominiums

United States General, Inc., a Wisconsin corporation, being the owner/builder of the Birchwood Condominiums located at 30th Avenue and Birch Road in the City of Kenosha, Wisconsin hereby states and guaranties the following:

That no provisions for the handicapped have been made in Building Nos. 3 or 4, each being a 24-family apartment building, under State provisions of Ind 51.15 (7) and Ind 52.59 (4). United States General, Inc. hereby guaranties that in the event a physically handicapped person occupies one unit in either 24-family apartment building, the unit will be modified to meet the requirements of State provisions Ind 51.15 (7) and Ind. 52.59 (4).

UNITED STATES GENERAL, INC.

By _____
Helmut Siewert, President

Date October 16, 1973

By _____
William S. Pickett, Asst. Secretary

State of Wisconsin)
) ss.
County of Waukesha)

Before me, the undersigned authority, this day personally appeared Helmut Siewert and William S. Pickett, known to be the President and Assistant Secretary, respectively, of United States General, Inc. a Wisconsin corporation, and they stated before me that they executed the foregoing Amendment to Declaration of Condominium as the officers of said corporation and that said instrument was duly executed freely and voluntarily as the authorized act of said corporation and that the official seal of the corporation is affixed thereto.

Witness my hand and official seal this 16th day of October, 1973.

Laurel A. Baldwin
Laurel A. Baldwin
Waukesha County, Wisconsin
My Commission expires 3/7/76