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DECLARATION OF CONDOMINIUM
OF
WHISPERING PINES CONDOMINIUM
SAUKVILLE, WISCONSIN

11-026-12-011.00*

Declarant

WHISPERING PINES INVESTMENTS, LLC

RECORDED

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REGISTER OF DEEDS
OZAUKEE COUNTY, WI

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TABLE OF CONTENTS

		Page
ARTICLE 1.	DEFINITIONS	Page 3 of 48
ARTICLE 2.	DIVISION OF CONDOMINIUM INTO SEPARATE FREEHOLD ESTATES	Page 5 of 48
ARTICLE 3.	INTEREST AND COMMON AREAS	Page 6 of 48
ARTICLE 4.	ASSOCIATION OF UNIT OWNERS	Page 6 of 48
ARTICLE 5.	ASSESSMENTS	Page 7 of 48
ARTICLE 6.	MAINTENANCE AND ALTERATIONS	Page 9 of 48
ARTICLE 7.	RESTRICTIONS ON USE AND OCCUPANCY	Page 9 of 48
ARTICLE 8.	RECONSTRUCTION AND CONDEMNATION	Page 13 of 48
ARTICLE 9.	INSURANCE	Page 15 of 48
ARTICLE 10.	EXPANSION OF CONDOMINIUM	Page 16 of 48
ARTICLE 11.	AMENDMENT OF DECLARATION	Page 18 of 48
ARTICLE 12.	RIGHTS OF MORTGAGE HOLDERS	Page 19 of 48
ARTICLE 13.	FURTHER RIGHTS OF DECLARANT	Page 21 of 48
ARTICLE 14.	REMEDIES FOR VIOLATION BY OWNER	Page 22 of 48
ARTICLE 15.	SERVICE OF PROCESS	Page 22 of 48
ARTICLE 16.	EASEMENTS	Page 23 of 48
ARTICLE 17.	CONSTRUCTION AND EFFECT	Page 23 of 48

Exhibits

A.	Condominium Plat
B.	Unit Addresses
C.	Floor Plans
D.	Expansion Real Estate

DECLARATION OF CONDOMINIUM OF WHISPERING PINES CONDOMINIUM

This Declaration of Condominium of Whispering Pines Condominium (this "Declaration") is made and entered into by Whispering Pines Investments, LLC ("Declarant"), pursuant to the Wisconsin Condominium Ownership Act (the "Act").

RECITALS

A. Declarant owns certain real property (the "Property") which is described and depicted on the attached Exhibit A, upon which Declarant has constructed or intends to construct one (1) building, containing eight (8) separate dwelling units, together with certain other improvements in connection therewith.

B. By this Declaration, Declarant intends to submit the Property, buildings and other improvements to the condominium form of ownership and to establish certain easements, rights, restrictions, and obligations with respect to the ownership, use and maintenance of the Property and all components thereof.

C. This Declaration contemplates an expandable condominium which may include up to a total of twenty-four (24) units if fully developed; but Declarant shall be under no obligation and makes no representation that any part or all of such expansion rights shall be exercised. Additional buildings, if any, containing such units shall be constructed on the "Expansion Real Estate" in the manner described in Article 10 of this Declaration and as such Expansion Real Estate is legally described on Exhibit D.

NOW, THEREFORE, Declarant, as fee owner of the Property, by this Declaration (i) submits the Property, the buildings and other improvements to the condominium form of use and ownership as provided in the Act, subject to taxes and assessments not yet due and payable, municipal and zoning ordinances, this Declaration and all matters of record on the date hereof; (ii) establishes and imposes certain provisions, restrictions, conditions, easements and uses upon the Property; and (iii) specifies that the provisions of this Declaration shall constitute covenants running with the land which shall be binding upon Declarant, its successors and assigns, and all subsequent owners and occupants of all or any part of the Property described on Exhibit A.

ARTICLE 1. DEFINITIONS

The following terms shall have the assigned definitions:

1.1 Act. The "Act" shall mean the Wisconsin Condominium Ownership Act, as currently set forth at Chapter 703 of the Wisconsin Statutes and as the same shall be amended or renumbered from time to time.

1.2 Association. The "Association" shall mean the Association of Whispering Pines, Inc., the members of which shall be all owners of units in the condominium. The Association shall be administered by a board of directors pursuant to bylaws adopted by such board.

1.3 Association Insurance. "Association Insurance" shall mean all policies of insurance required to be maintained by the Association under this Declaration.

1.4 Board. The "Board" or "Board of Directors" shall be the governing body of the Association, elected in conformance with the bylaws.

1.5 Building. A free standing structure located on the Property and containing eight individual condominium units.

1.6 Bylaws. The "Bylaws" shall mean the Bylaws of the Association as adopted by the Board in order to provide for its governance of the Association and to facilitate its administration of the condominium.

1.7 Common Areas. The "Common Areas" shall consist of all of the condominium except for the units and are composed of two categories. Certain Common Areas are available for the nonexclusive use and enjoyment of all unit owners and are referred to as the "General Common Areas." Other Common Areas are limited to the use of an individual unit to which they are appurtenant and are referred to in this Declaration as "Limited Common Areas".

1.8 Condominium. The "Condominium" shall be known as Whispering Pines Condominium and shall mean the Property together with the units and improvements as are currently constructed or as may hereafter be constructed on the Property including, without limitation, landscaped areas and other amenities, driveways, parking areas, walkways, fixtures, and surface or subsurface improvements for sanitary and storm sewer, water, gas, electric, telephone and other utility installations and as the Condominium may be expanded from time to time pursuant to Article 10.

1.9 Condominium Documents. The "Condominium Documents" are this Declaration, the Articles of Incorporation and Bylaws of the

Association, and such Rules and Regulations as may be adopted by the Board pursuant to this Declaration or the Bylaws.

1.10 Declarant. The "Declarant" shall mean Whispering Pines Investments, LLC and the successors and assigns of Declarant pursuant to assignment in conformance with Section 17.4 of this Declaration.

1.11 Expansion Real Estate. "Expansion Real Estate" shall mean those lands described on Exhibit D and reserved for possible annexation to the Condominium after construction of additional Buildings thereon to the extent Declarant, in its sole discretion, so elects.

1.12 Declaration. "Declaration" shall mean this Declaration of Condominium of Whispering Pines Condominium as the same may be amended from time to time in the manner and according to the procedures set forth at Articles 10 or 11.

1.13 Interest. "Interest" shall mean the proportionate undivided interest in the General Common Areas held by an owner of a particular unit which undivided interest is determined pursuant to Section 3.1.

1.14 Mortgagee. "Mortgagee" shall mean the holder of a recorded first lien mortgage against a unit or the vendor under a recorded land contract.

1.15 Occupant. "Occupant" shall mean the unit owner as defined below, and/or any other person residing in a unit or portion thereof under a lease or other arrangement with the owner.

1.16 Owner. "Owner" shall be deemed to include both fee simple owners of units and vendees of a unit under a recorded land contract.

1.17 Phase. "Phase" shall be defined as any single group of Units subjected to this Declaration at the same time. The first Phase shall be deemed to refer to those Units subjected to the Act by this Declaration and the original condominium plat. Subsequent Phases shall be identified through expansion amendments to the Declaration and condominium plat pursuant to Article 10.

1.18 Plat of Condominium. "Plat of Condominium" or "Condominium Plat" shall mean that certain plat of condominium as comprised of a plat of survey of the Property, building floor plans, unit addresses and description of Expansion Real Estate as recorded or to be recorded in the Office of the Register of Deeds for Ozaukee County, Wisconsin and as the same may be amended from time to time.

1.19 Property. The "Property" shall mean the real estate subject to this Declaration, as described and depicted on Exhibit A, and all improvements constructed or to be constructed thereon and such portions of the real estate described on Exhibit D as are hereafter added to the condominium as a Phase in the manner described in Article 10 and all improvements to be constructed within any such Phase.

1.20 Unit. "Unit" shall mean a separate freehold estate, consisting of the space bounded and described as defined in Article 2 and reserved for residential use. Floor plans for each Unit type are attached as Exhibit C.

ARTICLE 2. DIVISION OF CONDOMINIUM INTO SEPARATE FREEHOLD ESTATES

Declarant divides the Condominium into the following separate freehold estates:

2.1 Units. Eight (8) separate freehold estates, each called a "Unit," collectively the "Units," with addresses as set forth at Exhibit B, each consisting of one or more cubicles of air at one or more levels of space, having outer boundaries formed by the interior undecorated surfaces of (i) exterior perimeter walls, (ii) walls in common with other Units and (iii) ceilings, floors and foundations of the Buildings, all as depicted in the floor plans attached as Exhibit C. Each Unit shall also include the space within the garage, all windows and doors including, without limitation, overhead garage doors, window and door frames, glass, locks and all mechanical and utility installations which exclusively service the Unit. Units shall be legally described using Building number and lettered Unit designation assigned by Declarant.

2.2 Common Areas. The Common Areas shall consist of both General and Limited Common Areas. The Limited Common Areas are mailboxes, decks, patios and driveways immediately adjacent to garages and are reserved for the exclusive use of the Owner and Occupants of the Unit to which appurtenant. The General Common Areas shall consist of all of the Condominium except the Units and the Limited Common Areas. Supply lines, waste lines, pipes, wires, conduits or public utility lines running through a Unit which serve more than one Unit shall be General Common Areas to the extent not owned and/or maintained by any public utility, governmental authority or cable television company. Attempted conveyances, encumbrances, judicial sales or other transfers of an interest in Common Areas without the Unit to which such interest is appurtenant shall be void.

ARTICLE 3. INTEREST AND COMMON AREAS

3.1 Ownership. Each Owner shall have an undivided share in the General Common Areas commensurate with its Interest. The initial Interest appurtenant to each Unit is 12.5% representing the percentage equivalent equal of a fraction where the numerator is one (1) and the denominator is eight (8) which is the number of Units initially submitted to the Act by this Declaration. The Interest allocable to each Unit shall change upon each expansion of the Condominium pursuant to Article 10, with each Unit's Interest being recalculated to be equal to the percentage equivalent of a fraction, the numerator of which is one and the denominator being the total number of Units then subject to this Declaration following the particular expansion. The maximum number of Units to ever be subject to this Declaration is twenty-four (24). If such maximum number of Units is constructed, the ownership of each Unit shall include an undivided 4.166% interest in the Common Areas. Each Owner shall have a nonexclusive right of ingress and egress over and across the General Common Areas as necessary and convenient for access to such Owner's Unit. Such rights shall be exercised in accordance with this Declaration and any rules and regulations adopted by the Board.

3.2 Common Expenses and Surpluses. All common expenses and surpluses shall be allocated among all Owners according to their respective Interests.

3.3 Application of Surpluses. All common surpluses of the Condominium derived from Association assessments for each of its fiscal years shall be retained for common expenses of the Condominium for the next succeeding fiscal year.

ARTICLE 4. ASSOCIATION OF UNIT OWNERS

4.1 Administration. Contemporaneously with or prior to the first conveyance of a Unit to a purchaser, Declarant shall establish the Association. The Association shall be incorporated and shall adopt Bylaws for its governance and administration of the Condominium. The Association shall administer the Condominium acting through its Board of Directors which shall be appointed and/or elected as provided in this Declaration or the Bylaws. Pending establishment of the Association, Declarant shall govern the Condominium and all powers as provided the Association by the Act, this Declaration or at law shall be exercised by Declarant.

4.2 Membership and Voting. Each Owner shall be a member of the Association and membership shall commence and terminate with ownership. Each member shall be vested with one vote for each Unit owned. The manner of casting ballots shall be as set forth in the Bylaws. The transfer of control of the Association from Declarant

to the other Owners is set forth in the Bylaws and Article 13 hereof.

4.3 Management. The Association may employ a professional management agent or company for the Condominium with such experience and qualifications and on such terms and conditions as are acceptable to the Board. Any such agreement must be terminable without cause upon ninety (90) days notice without payment of any penalty.

4.4 Approvals. The Association, acting through the Board, may approve or disapprove any proposal submitted to it pursuant to this Declaration. In its consideration of any Unit Owner petition for Board approval, the Board shall consider: the visibility of the proposed modification or installation and its appearance to other Units, whether the proposed modification constitutes an inconsistency with the desired uniform appearance of building exteriors and any other criteria the Board deems desirable or appropriate. The Board will also consider the opinion of any other Unit Owner as to the proposed modification, if any such opinions are offered.

ARTICLE 5. ASSESSMENTS

5.1 Budget and Assessments. The Association shall annually adopt a budget of common expenses and levy assessments as provided in this Declaration and in the Bylaws. The budget shall provide for the funding of an adequate replacement reserve out of regular assessments. The Association may also levy a special assessment on all Owners for any purpose for which a general assessment may be levied and a special assessment or fine on a particular Owner for the purpose of collecting any amounts due the Association or enforcing compliance of such Owner with any provision of the Condominium Documents. The Board may adopt a rule to impose uniformly enforced charges for Association-provided services related to transfer of Units.

5.2 Installments; Late Payments. Regular assessments shall be made on an annual basis but shall be due and payable in monthly installments on the first day of each month. Any assessment or installment of an assessment not paid within ten (10) days of its due date may be subject to a late charge and/or interest as set forth in the Bylaws or established by the Board by rule.

5.3 Enforcement; Liens. If an Owner defaults in any payment, the Association shall take appropriate measures as provided by law. The defaulting Owner shall be responsible for all costs incurred by the Association in seeking to enforce payment including the Association's actual attorney fees. Owners shall be both personally liable for assessments and a lien shall be imposed against such Owner's Unit for same provided, however, such lien

shall be subordinate to the lien of a first mortgage recorded prior to the due date of the delinquent assessment. Liens for unpaid assessments as provided in the Act shall also extend to and secure interest, fines and reasonable costs of collection including attorneys' fees incurred by the Association incident to the collection of assessments or enforcement of liens. The Association may purchase a Unit upon the foreclosure of its lien.

5.4 First Installment. Subject to the remainder hereof, the first installment of a regular assessment for each Unit in a Phase, shall be due and payable on the date of recordation of the first instrument of conveyance to a Unit in such Phase with subsequent installments due on the first day of each month thereafter. Notwithstanding the foregoing, Declarant shall pay only Twenty-Five Percent (25%) of the installment otherwise due and payable on Declarant owned but unoccupied Units in a Phase for the first sixty (60) days following the conveyance of the first Unit in such Phase. Installments for partial months shall be prorated.

5.5 Initial Working Capital Fund. Each purchaser of a Unit from Declarant shall, at the time of conveyance, pay to the Association an amount equal to two (2) months installments of the regular assessment provided for in this Article, or such greater amount as designated by the Board. Amounts paid under this section shall be non-refundable except for Declarant and shall not be considered advance payments of installments of regular assessments, but shall be maintained as working capital and kept in a segregated account. Declarant shall advance a like amount for each Unit in a Phase which remains unsold sixty (60) days from the date of conveyance of the first Unit in the Phase to a purchaser. Upon conveyance of a Unit where Declarant has made such an advance, the advance shall be reimbursed to Declarant by the Unit purchaser at the time of conveyance of the Unit. The working capital fund may not be used by Declarant to defray Declarant expenses, reserve contributions or construction costs nor may Declarant apply any of the working capital fund against Association budget deficits occurring during the period of Declarant control. Upon the expiration of Declarant control, this fund, to the extent the Board so designates, may be held to meet unforeseen expenditures or to supplement the replacement reserve fund.

5.6 Association Statements. Within ten (10) days of written request from a Unit Owner or Mortgagee, the Association shall provide a letter stating the existence of outstanding general or special assessments against the Unit, if any. Notwithstanding anything to the contrary in the preceding sentence, all Units conveyed by Declarant shall be deemed conveyed free from outstanding general or special assessments and no such letter shall be required or given as to such Units.

ARTICLE 6. MAINTENANCE AND ALTERATIONS

6.1 Owner Responsibility. Each Owner at the Owner's sole cost, shall: (i) perform routine maintenance, repair and replacement of all components or installations within the Owner's Unit so that they are maintained in good condition and repair which Unit components and installations include, but are not limited to, utility lines and installations, if any, servicing only the Unit, heating and air conditioning systems for the Unit, fixtures, appliances, interior surfaces of the perimeter walls of the Unit and all other walls within the Unit, flooring and ceilings, windows, window frames and doors, including all glass and locks in windows and doors; (ii) paint and decorate all interior walls and surface areas within the Unit; (iii) repair and replace any portion of the Common Areas damaged through the fault or negligence of such Owner or such Owner's family, guests, invitees or tenants or any other occupants of the Unit; (iv) be responsible for the reasonable security and safety of such Unit and shall be liable for damages caused to any other Unit(s), or the Common Areas, to the extent not covered by insurance, as a result of a breach of such security; and (v) keep the Limited Common Areas appurtenant to such Owner's Unit in an orderly and clean condition. The Association, acting through its Board may require uniform window treatments and/or Building-wide or Condominium-wide window replacements at Owner expense.

6.2 Association Responsibility. Except as provided in Section 6.1, the Association shall maintain in good condition and repair, replace and operate all of the Common Areas, including the Limited Common Areas. The Association shall be responsible for snow removal from driveways and walkways.

6.3 Owner Violation; Association Right to Cure. If any Owner fails to properly maintain its Unit or any part or portion thereof which failure continues for a period of fifteen (15) days following written notice from the Association stating with specificity the maintenance which is required, the Association shall have the right but not the obligation, to perform or cause to be performed such maintenance, replacement or restoration as the Association deems necessary or appropriate. Expenses incurred by the Association shall be assessed against the Unit's Owner and shall be subject to all rights and remedies reserved under this Declaration with respect to collection, expense, late payment penalties or interest, filing of a lien and/or foreclosure as reserved at Article 5 of this Declaration.

ARTICLE 7. RESTRICTIONS ON USE AND OCCUPANCY

7.1 Residential Purposes Only. Each Unit shall be occupied and used only for residential purposes and for no other purpose. No trade or business other than activity related to rental residential use shall be carried on anywhere on the Condominium.

7.2 Exterior Alterations; Signs; Storage. No Owner shall paint, decorate or alter the exterior of a Unit or the Common Areas, without the prior written approval of the Board acting pursuant to Section 4.4. No Owner, except Declarant, its successors and assigns, may erect, post or display posters, signs or advertising material on the Common Areas or at locations within a Unit which are visible from the Common Areas without the prior written consent of the Board, except that an Owner may erect or post a temporary sign of customary and reasonable dimension relating to the open house of a Unit for sale or lease. Where Board consent is sought and obtained, the permitted signs will be erected and maintained in accordance with all ordinances, rules, regulations and conditions applicable thereto. "Signs" as used herein shall be construed and interpreted in the broadest possible sense and shall include any placard, poster or other device as may be affixed to the interior of any exterior windows so as to be visible from the exterior of the building. No awnings, shutters, enclosures, windows or doors, or fixed grills shall be installed unless first approved by the Board. All grills must be covered. Patios and balconies shall not be used for storage of any kind, including, but not limited to, the storage of motorcycles, baby carriages, bicycles or wagons nor shall patios or balconies be used for the drying or airing of laundry, carpets, rugs or clothing. Notwithstanding anything in the foregoing to the contrary, Declarant shall have the right to place posters, signs or advertising material on the Common Areas and at locations within Units which may be visible from the Common Areas without obtaining Board consent provided that the same are of a size as is usual and customary with developer sales of units in the area in which the Condominium is located.

7.3 Leases of Units. Declarant may lease any Unit or portion of a Unit on such terms and conditions as it desires in its sole discretion. All other leases shall be in writing and for terms of not less than seven (7) days. Each Occupant shall comply with all provisions of all Condominium Documents and each Occupant's lease shall provide that a breach of the Condominium Documents shall be deemed a default under the lease. Notwithstanding the foregoing, an Owner shall be responsible to the Association and each other Owner for any breach of any provision of the Condominium Documents caused by an Occupant of such Owner's Unit and the Association need deal only with the Owner and shall not be obligated to address any breach with the offending Occupant. Individual rooms in dwelling units contained within a Unit shall not be rented and no transient tenants shall be accommodated.

7.4 Pets. No reptiles or uncaged birds shall be permitted within the Condominium. Unit owners may keep no more than one (1) pet per Unit; provided, however, that:

(i) all cats must be declawed;

(ii) the pet is under sixteen inches (16") in height when measured from the base of its fore-paw to the top of the corresponding shoulder;

(iii) the pet is not permitted on any of the Common Areas while unattended or unleased;

(iv) the individual attending the pet shall immediately dispose of any and all of the pet's solid waste in the manner prescribed by the Association;

(v) the owner of the pet shall comply with such further rules of pet ownership as may be promulgated by the Association; and

(vi) the pet must immediately and permanently be removed from the Condominium if, in the sole judgment of the Board of Directors, the pet is or becomes offensive, a nuisance or harmful in any way to the Condominium or any Owner or Occupant therein, or otherwise violates the terms of this Section 7.4 or any additional rules as may in the future be adopted by the Board pertaining to pets.

Any and all costs of repairing damage caused by a pet shall be borne by its Owner. Any Unit Owner failing to comply with this Section or any part thereof, shall, absent unusual circumstances under which the Board determines that some lesser or other remedial action is appropriate, be assessed a monthly pet fee in an amount of Five Hundred Dollars ($500.00) per month or part thereof until the Owner has complied. Such pet fee may be collected in the same manner as assessments under Article 5. Notwithstanding anything to the contrary herein, possession of pets on the Condominium shall not be considered a property right.

7.5 No Obstructions. No person shall cause or permit the General Common Areas to be used as to deny any Owner or Occupant the full use of the General Common Areas. No outdoor parking of vehicles shall be permitted anywhere in the Condominium except in driveways or marked parking spaces, if any, except for parking as necessary in connection with the construction or reconstruction of a Unit. No more than one car shall be parked overnight in a driveway appurtenant to a Unit on a regular basis. Overhead garage doors shall be maintained in a closed state except as necessary to permit exit and entry. No person shall occupy, park or otherwise use a vehicle so as to block access. Exterior storage of trailers, campers, camping trucks, boats or other marine craft, house trailers, motorcycles, mopeds, motorized bicycles, snowmobiles, land vehicles, inoperative or unlicensed vehicles or the like shall not be permitted on the Condominium. No vehicle maintenance or lubrication shall be permitted anywhere in the Condominium, except washing of cars in driveways or maintenance performed within a

garage. No playground equipment, bicycle racks or other obstructions may be placed on the Common Areas except as the Board permits by rule or regulation.

7.6 Waste. Unit Owners shall keep their Units and Limited Common Areas appurtenant thereto clean and litter free. No garbage container shall be permitted to remain at the curb for more than twelve (12) hours after pickup. Accumulations of waste, litter, excess or unused building materials or trash other than in appropriate receptacles is prohibited, and garbage containers shall be situated only in locations designated by the Association. The Association reserves the right to require uniform waste receptacles throughout the Condominium. Such right shall be exercised by written notice to the Unit Owners who shall then be responsible for obtaining such uniform receptacles at the individual Unit Owner's Expense. Each Unit Owner shall comply with present and future federal, state and local laws, ordinances, regulations and orders regarding collection, sorting, separating and recycling of waste products. Each Unit Owner shall hold harmless and indemnify the Association and each other Unit Owner for the indemnifying Unit Owner's failure to observe this Section 7.6.

7.7 Antennas. No satellite dish, with a diameter of greater than eighteen inches (18"), shall be permitted on the Condominium. Satellite dishes with a diameter of eighteen inches (18") or less, antennae, aerials or cable for television or radio reception shall not be erected or installed on or in any roof or any other portion of the Condominium, except as erected or installed by Declarant, the Association, or an individual Owner with prior written Board approval pursuant to Section 4.4.

7.8 Temporary Structures. No structure, trailer, tent, shack or barn, temporary or otherwise, shall be placed or maintained on any portion of the Condominium without written Board approval pursuant to Section 4.4, except for construction trailers maintained by Declarant and its successors and assigns or the Association.

7.9 Quiet Enjoyment. Each Owner shall have the right to use its Unit in accordance with this Declaration and applicable law, free from unreasonable interference from each other Owner, all Occupants and other invitees.

7.10 Noxious Activity. No use or practice shall be allowed on the Condominium which is immoral, improper or offensive in the opinion of the Board or which is in violation of the Condominium Documents. By way of example and not limitation, offensive activity shall include excessive amplification of musical instruments and/or audio or audio visual equipment.

ARTICLE 8. RECONSTRUCTION AND CONDEMNATION

8.1 Reconstruction. Reconstruction or repair in the event of fire, casualty or disaster shall be in accordance with this Article. In the event of fire, casualty or any other disaster affecting one or more of the Units in any Building or other improvements on or within the Condominium (the "Damaged Premises"), the Damaged Premises shall be reconstructed and repaired, unless otherwise determined as provided below. Reconstruction and repair shall mean restoring the Damaged Premises to substantially the same condition as existed prior to the fire, casualty or disaster. The Association shall undertake to cause such reconstruction and repair to be accomplished within a reasonable period of time.

8.2 Insufficient Proceeds. If the insurance proceeds are insufficient to reconstruct or repair the Damaged Premises, then, subject to Section 8.3, the Owners of all Units shall be assessed for the deficiency according to their Interests. The provisions of Article 5 shall apply to all sums assessed for any deficiency.

8.3 Partition. Notwithstanding anything to the contrary contained in Section 8.2, if the insurance proceeds are insufficient to reconstruct or repair the Damaged Premises, then the Condominium shall be subject to an action for partition upon obtaining the written consent of at least 75% of the Owners of Units with Mortgagee approval as provided in Section 12.3. For the purpose of determining the percentage in the preceding sentence, the Condominium shall be deemed to consist of 24 Units until such time as Declarant's rights under Article 10 shall expire. If such approval is not obtained within 30 days from the date of adjustment of insurance proceeds following the fire, casualty or other disaster, then no such action for partition shall be available under this Section 8.3 and the provisions of Section 8.2 shall apply. In the case of partition, the entire Condominium shall be sold and the net proceeds of sale together with any net proceeds of insurance (all of such net proceeds of sale and insurance hereinafter called the "Partition Proceeds") shall be considered as one fund and shall be divided among all Unit Owners in accordance with their Interests.

8.4 Control of Restoration. The Association shall have the sole power to settle adjustments with the insurance carrier for policies purchased by the Association. If the Damaged Premises are solely within a Unit or Units owned by the same Owner, the Association may permit such Unit Owner to settle adjustments, except that no such adjustment shall cause an increase in premium or a decrease in coverage afforded. The Association shall have the sole power to engage contractors to restore the Damaged Premises, provided that a Unit Owner's recommendations regarding restoration of a Unit shall be accepted if reasonable. If the insurance proceeds are insufficient for complete restoration because of additional work within a Unit requested by a Unit Owner, the

Association shall apply to the restoration of such Unit only that portion of the proceeds of insurance which the insurance carrier shall specify is applicable to the particular Damaged Premises and such Unit Owner shall pay to the Association the deficiency caused by the additional requested work prior to performance of the work.

8.5 Condemnation. If the Condominium or any portion thereof are taken under the power of eminent domain or sold in settlement or anticipation of any pending or threatened proceeding the provisions of this section shall control. The Association shall have the exclusive right of appeal of the necessity of the taking and amount of the condemnation award with respect to any condemnation. Any settlement or decision on an appeal by the Association as to the General Common Areas shall be binding upon all Owners. Damages shall be awarded and Interests shall be adjusted as follows:

8.5.1 Each Owner is entitled to the entire award for the taking of all or part of its Unit and Limited Common Areas appurtenant to such Unit and for consequential damages pertaining to same.

8.5.2 If no reconstruction is undertaken, any award for the taking of General Common Areas shall be allocated among all Owners in proportion to their respective Interests.

8.5.3. Where one or more entire Unit(s) are taken, the Interests and votes on Association matters appertaining to the remaining Units shall be adjusted post-condemnation in the same manner as following an expansion of the Condominium. A partial taking of a Unit shall not include the Interest or vote appurtenant to the Unit. If Interests or votes are affected, the Association shall record an amendment which discloses the nature of the taking and adjustments caused thereby. Following the taking of all or a part of the General Common Areas, the Association shall promptly undertake to restore the improvements of the General Common Areas to an architectural whole. Costs of restoration in excess of the condemnation award shall be a common expense. If the taking diminishes the Condominium such that reconstruction or restoration is not practical in the opinion of the Board, the entire Condominium shall be subject to an action for partition upon obtaining the written consent 75% or more of the Unit Owners with Mortgagee approval as provided in Section 12.3. Upon partition, the net proceeds of sale of the Condominium, together with any net proceeds of the award for taking, shall be considered as one fund and divided among all Owners in accordance with their Interests. If the 75% approving vote is not obtained

within thirty (30) days of the Board decision, then reconstruction shall take place with costs of restoration of General Common Areas in excess of condemnation proceeds assessed against all Owners in proportion to their Interests.

ARTICLE 9. INSURANCE

9.1 Association Insurance. The Association shall obtain and maintain comprehensive general public liability insurance for occurrences on the Common Areas, all-risk casualty insurance coverage on all Units in the Condominium, (excluding the contents and/or furnishings therein), directors and officers insurance and such other policies and/or coverage as the Board deems necessary or advisable (all the foregoing, collectively, the "Association Insurance").

9.2 Coverage of Association Insurance. The all-risk Association Insurance shall be in an amount equal to the maximum insurable replacement value, with an "agreed amount" and a "condominium replacement cost" endorsement, without deduction or allowance for depreciation. This coverage amount shall be annually reviewed and shall insure against loss or damage by fire and other hazards as commonly covered by a standard extended coverage endorsement and such other hazards as customarily covered with respect to buildings similar in construction, location and use.

9.3 Proceeds. Association Insurance proceeds for casualty loss shall be for the benefit of the Association, Owners of damaged Units and their Mortgagees as their interests appear in order to finance reconstruction of damaged Common Areas and Units. Liability coverage and other insurance proceeds shall be applied as the Board directs.

9.4 Cost. All premiums for Association Insurance and other insurance obtained by the Association shall be a common expense of the Condominium, except that any increase in the rating or premium charged for any such insurance caused by the character or use of Unit shall be allocated solely to its Owner.

9.5 Waiver. The Association and each Owner acting both for themselves and for their respective insurers, waive any claim it or they may have against the other for any loss insured under any policy obtained by either to the extent of insurance proceeds actually received, however loss is caused, including such losses as may be due to the negligence of the other party, its agents or employees. The above waiver shall cease to be effective if the existence thereof precludes the Association from obtaining any policy of insurance at a reasonable and customary rate.