

**BYLAWS
OF
VILLAGE GREEN HEIGHTS HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
GENERAL PROVISIONS**

These Bylaws ("Bylaws") have been adopted by the Village Green Heights Homeowners Association, Inc., a Wisconsin non-profit corporation (the "Association"), pursuant to the authority granted to it by: (i) the Declaration of Restrictions, Covenants and Easements dated February 2, 2004 and recorded in the Office of the Register of Deeds of Kenosha County, Wisconsin on February 3, 2004 as Document No. 1373036 (the "Declaration"); (ii) the Wisconsin Nonstock Corporations Act; and (iii) Section 779.70 Wisconsin Stats. All capitalized terms used but not defined herein shall bear the meanings ascribed to them in the Declaration.

The Association is responsible for the overall administration of the Property (hereinafter defined) through its duly elected Board. The Association shall have such powers as are not inconsistent with applicable laws. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized and to do every other act not inconsistent with applicable laws that may be appropriate to promote and attain the purposes set forth in the Declaration (the Declaration, together with these Bylaws, being collectively referred to herein as the "Association Instruments").

**ARTICLE II
MEMBERS**

2.1. Classes of Members, Membership, and Termination Thereof. The Association shall have one (1) class of voting Membership ("Membership"). Each Owner shall be a Member of the Association. A Member's Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot. Each Member of the Association shall have one vote in the Association for each Lot owned by the Member at the time any matter is submitted to a vote of the Members.

An Owner's Membership shall terminate, with respect to any Lot, on the sale or other disposition of such Lot, at which time the new Owner shall automatically become a Member of the Association. Such termination shall not relieve or release any former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and Membership. Furthermore, such termination shall not impair any rights or remedies that the Association or others may have against a former Owner arising from, or in any way connected with, such ownership and Membership and the covenants and obligations incident thereto. No certificates of stock or other certificates evidencing Membership shall be issued by the Association.

2.2 Votes and Voting Rights.

2.2.1. Until the earlier of: (i) the first annual meeting of the Members; or (ii) forty-five (45) days after the Turnover Date, no Member shall have the right to elect the members of the Board. All such members of the Board of Managers shall be appointed and shall hold office as provided in Section 4.2 hereof.

2.2.2. If a Lot is owned by more than one person, the voting rights with respect to such Lot shall not be divided, but shall be exercised as if the Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Owner. If only one of the persons constituting such Owner is present, he or she shall be entitled to cast the votes allocated to the Lot. If more than one of the persons constituting such Owner are present, the votes allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of such persons. Unanimous agreement of all owners shall be presumed if any one of them purports to cast the votes allocated to that Lot without protest being made promptly by any of the other Owners to the person presiding over the meeting or until any one of the multiple owners files a statement with the Secretary stating that thereafter the vote must be cast proportionately.

2.2.3 Unless specifically set forth to the contrary herein or in the Declaration, any specified percentage of the Members, whether majority or otherwise, for purposes of voting or for any other purpose, wherever provided in these Bylaws, shall mean such percentage of the total number of Lots which are subject to the Declaration.

2.2.4 No Member may vote in person or by proxy at any meeting of the Members until such Member has furnished to the Secretary of the Association such Member's with such Member's name and current mailing address, as required pursuant to Section 8.2 hereof.

2.3. Transfer of Membership. Membership in this Association is not transferable or assignable, except as provided in Section 2.1 hereof.

2.4. Installment Contracts. Anything herein to the contrary notwithstanding, in the event of a sale of a Lot, the purchaser of such Lot pursuant to an Installment Contract (hereinafter defined) for purchase from a seller other than the Developer shall, during such times as he or she resides at the address of the Lot, be counted toward a quorum for purpose of election of members of the Board at any meeting of the Members called for the purpose of electing members of the Board and have the right to vote for the election of members of the Board and to be elected to and serve on the Board, unless the seller expressly retains in writing any or all of such rights. In no event may both the seller and purchaser be counted toward a quorum, be permitted to vote for a particular office, or be elected to serve on the Board. Satisfactory evidence of the existence and terms of the Installment Contract as they relate to the subject matter of this Section shall be made available to the Association or its agents. For purposes of these Bylaws, "Installment Contract" shall mean any contract or agreement, including contracts for deeds, bonds for deeds or any other sale or legal device, whereby a contract seller agrees to sell and a

buyer agrees to buy a Lot, wherein the consideration for such sale is payable in installments for a period of at least one year after buyer takes possession of the Lot and the contract seller continues to have an interest, or security for the purchase price or otherwise in such Lot.

ARTICLE III MEETINGS OF MEMBERS

3.1. Annual Meeting. The first annual meeting of the Members shall be held on such date as is fixed by the Developer, which date shall in no event be later than forty-five (45) days after the Turnover Date. Thereafter, an annual meeting of the Members for the purpose of electing Board members and for the transaction of such other business as may come before the meeting shall be held in the month of December each year, provided, however, that no such meeting need be held less than one year after the first annual meeting of the Members. If the election of members of the Board shall not be held when designated herein for any annual meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Members called by the Members pursuant to these Bylaws as soon thereafter as it conveniently may be held. In the event the Developer fails to call the first annual meeting of Members by the latest date set forth above, the Members owning at least twenty percent (20%) of the Lots may call the first annual meeting by filing a petition to such effect with the Developer, setting forth a date for such meeting. After the filing of such petition, the Members filing the petition may send notice of the first annual meeting of Members as provided herein and may hold such meeting pursuant to the notice. The Board may disseminate to the Members biographical and background information about candidates for election to the Board if reasonable efforts are made to identify all candidates and all candidates are given an opportunity to include biographical information and background material in the information to be disseminated and the Board does not express a preference in favor of any candidate. An Owner shall be entitled to receive from the Board or the Developer acting as the Board as provided herein and pursuant to applicable laws, within three (3) working days after the request therefor, the names, addresses, and weighted vote of each Owner entitled to vote at the next annual meeting of Members.

3.2. Special Meetings. Special meetings of the Members may be called by the Board, the President, or not less than the Owners of twenty percent (20%) of the Lots. All matters to be considered at special meetings of the Members called by not less than Members owning at least twenty percent (20%) of the Lots shall first be submitted in writing to the Board not less than ten (10) days before the date of the special meeting of the Members called to consider such matters.

3.3. Place and Time of Meeting. All meetings of the Members shall take place at 8:00 p.m., in some section of the Property designated by the person or persons called the meeting, or at such other reasonable place or time designated by the Board or the person or persons calling the meeting.

3.4. Notice of Meetings. Written notice stating the purpose, place, day, and hour of any meeting of Members shall be mailed or delivered to each Member entitled to vote at such meeting not less than ten (10), nor more than thirty (30), days before the date of such meeting, by or at the direction of the President or the Secretary, or the Officer or persons calling the meeting, except that notice of the first annual meeting of the Members shall be given to the Members at least twenty-one (21) days prior thereto. The notice of a meeting shall be deemed mailed when deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association, with proper postage thereon prepaid.

3.5. Quorum. The Members present at a meeting in person or by proxy holding twenty percent (20%) of the votes that may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not

present at the commencement of any meeting of Members, the meeting shall be adjourned and may be called again only in accordance with the provisions of these Bylaws.

3.6. Proxies. At any meeting of Members, a Member entitled to vote may vote either in person or by proxy, executed in writing by the Member or by his duly authorized attorney in fact. All proxies must bear the date of execution, and shall become invalid one hundred eighty (180) days from the date of its execution; unless granted to a mortgagee or lessee. Any proxy distributed by the Board for election of members of the Board shall give Owners the opportunity to designate any person as the proxy holder and shall give the Owner the opportunity to express a preference for any of the known candidates for the Board or to write in a name.

3.7. Manner of Acting. Except as set forth below, and except as otherwise required herein or by the Declaration or applicable laws, any action to be taken at any meeting of the Members at which a quorum is present shall be on the affirmative vote of more than fifty percent (50%) of the Members represented at such meeting. The following matters shall require the affirmative vote of the greater of: (i) the Owners of sixty-seven percent (67%) or more of the Lots, or (ii) sixty-seven percent (67%) or more of all the Owners, at a meeting duly called for that purpose:

- 3.7.1. Merger or consolidation of the Association;
- 3.7.2. Sale, lease, exchange, or other disposition of all, or substantially all, of the property and assets of the Association; or
- 2.7.3. The purchase and sale of land or Lots on behalf of the Owners (other than the conveyance to the Association of the Outlots and Common Elements).

ARTICLE IV THE BOARD OF DIRECTORS

4.1. In General. The affairs of the Association shall be managed by the Board, which shall act as the Board of Managers of the Association as provided in the Wisconsin Condominium Ownership Act and the Declaration.

4.2. Number, Tenure, and Qualifications. The number of members of the Board shall initially be three (3). Until the date of the first annual meeting of the Members as hereinabove provided, members of the Board shall be the directors named in the Articles of Incorporation of the Association or as appointed by the Developer. Such members of the Board shall hold office until the first annual meeting of the Members. Commencing with the date of the first annual meeting of the Members, the number of members of the Board shall be increased to five (5), and members of the Board shall be elected solely by, from, and among, the Members of the Association for a term of one (1) year and until their respective successors shall have been elected and qualified. Notwithstanding the foregoing, one, but not more than one, member of such elected Board of Directors may be a non-Owner. Each member of the Board shall hold office without compensation. In the event that a member of the Association is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any shareholder, officer, or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity may be eligible to serve as a member of the Board. If there are multiple owners of a single Lot, only one of the multiple owners shall be eligible to serve as a member of the Board at any one time. A member of the Board may succeed himself or herself in office.

4.3. Election. At each annual meeting of the Members, the Members shall be entitled to vote on a cumulative basis, and the five (5) candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected to the Board of Directors. A candidate for election to the Board or such candidate's representative shall have the right to be present at the counting of the ballots at such election. The Board may disseminate to Members biographical and background information about candidates for election to the Board if (a) no preference is expressed in favor of any candidate and (b) reasonable efforts to identify all candidates are made and all candidates are given an opportunity to include biographical and background information in the information to be disseminated.

4.4. Regular Meetings. A regular annual meeting of the Board shall be held immediately after and at the same place as the annual meeting of Members. The Board shall, by regulations that the Board may from time to time adopt, provide the time and place for the holding of additional regular meetings of the Board, provided that the Board shall meet at least four (4) times per year.

4.5. Special Meetings. Special meetings of the Board may be called by or at the request of the President or twenty-five percent (25%) of the members of the Board. The person or persons permitted to call special meetings of the Board may fix the time and place for holding any special meeting of the Board called by them.

4.6. Notice. Written notice of any special meeting of the Board shall be mailed or delivered to all Members of the Association and all members of the Board not calling the meeting at least forty-eight (48) hours before the date of such special meeting. Written notice of regular meetings of the Board shall be mailed or delivered to all Members of the Association at least forty-eight (48) hours before the date of such meeting. All such notices shall be deemed to be mailed when deposited in the United States mail addressed to each Member at his address as it appears on the records of the Association, with proper postage thereon prepaid. The business to be transacted at or the purpose of any regular or special meeting of the Board shall be specified in the notice. Notices of a regular meeting of the Board need not be served on members of the Board. However, copies of notices of meetings of the Board shall be posted in conspicuous places by the Board at least forty-eight (48) hours before the meeting.

4.7. Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the members of the Board are present at the commencement of the meeting, the meeting shall be adjourned and may be called again only in accordance with the provisions of these Bylaws.

4.8. Manner of Acting. The act of a majority of the members of the Board present at the meeting at which a quorum is present at the commencement of the meeting shall be the act of the Board, except when otherwise provided by law or in the Association Instruments.

4.9. Vacancies. Any vacancy occurring in the Board by reason of death, removal, or resignation of a member of the Board shall be filled by the two-thirds (2/3) vote of the remaining members of the Board. A Member elected by the Board to fill a vacancy shall serve until the next meeting of the Members; provided that if a petition is filed with the Board signed by Members holding twenty percent (20%) of the votes of the Association requesting a meeting of the Members to fill the vacancy for the balance of the unexpired term of office of his predecessor, the term of the member so elected by the Board shall terminate thirty (30) days after the filing of the petition, and a meeting of the Members for the purpose of filling such vacancy for such unexpired term shall be called no later than thirty (30) days following the filing of such petition. Members of the Board, including those appointed by the Developer, may resign at any time by written resignation delivered or mailed to any Officer of

the Association, which resignation shall be effective on receipt of said resignation. If, as a result of the death, removal, or resignation of a member of the Board, no member of the Board remains in office, a special meeting of Members may be called to fill all vacancies for the unexpired terms of the members of the Board.

4.10. Removal. From and after the date of the first annual meeting of the Members, any member of the Board may be removed from office by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the Members.

4.11. Adoption of Rules and Regulations. All rules and regulations, or amendments thereto, shall be adopted by the Board after a meeting of the Members called for the specific purpose of discussing the proposed rules and regulations, notice of which contains the full text of the proposed rules and regulations, which rules and regulations conform to the requirements of the Declaration, these Bylaws and all applicable laws. No quorum is required at such meeting of the Members. No rules or regulations may impair any rights guaranteed by the First Amendment to the Constitution of the United States, the Constitution of the State of Wisconsin or may be applied to discriminate against an individual in a manner described in Section 106.50 of the Wisconsin Statutes. Such rules and regulations shall be effective sixty (60) days after their adoption, provided that the Members may veto the rule or regulation at a special meeting of the Members called for such purpose and held before the effective date of the rule or regulation, by a vote of the Owners of at least (66⅔%) of the Lots.

4.12. Open Meetings. All meetings of the Board, whether regular or special, shall be open to the Members, except for meetings (or the portions thereof) at which:

- a. there is discussed litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such an action is probable or imminent;
- b. there is being considered information regarding appointment, employment, or dismissal of an employee; or
- c. there is discussed violations of rules and regulations of the Association, or a Member's unpaid Assessments;

provided, however, that any vote by the Board on the above matters shall be taken at a meeting, or portion thereof, open to any Member.

Any Member may record the proceedings at meetings required to be open by the applicable laws or these Bylaws by tape, film, or other means, subject to reasonable rules and regulations prescribed by the Board to govern the right to make such recordings.

4.13. Contracts. The Board may not enter into a contract with a current Board member or with a corporation or partnership in which a Board member or a Board member's family has a twenty-five percent (25%) or more interest unless notice of intent to enter the contract is given to Owners within twenty (20) days after a decision is made to enter into the contract and the Owners are afforded an opportunity by filing a petition, signed by the Owners of twenty percent (20%) of more the Lots, for an election to approve or disapprove the contract. Such petition shall be filed within twenty (20) days after such notice, and such election shall be held within thirty (30) days after filing the petition. For purposes of this Section 4.13, a Board member's immediate family means the Board member's spouse, parents, and children.

4.14. Powers and Duties. The powers and duties of the Board shall include, but not be limited to, the operation, care, upkeep, maintenance, replacement, and improvement of the Common Elements. However, nothing in the foregoing sentence shall be deemed to invalidate any provision in the Association Instruments placing limits on expenditures for capital additions or capital improvements to the Common Elements (other than for purposes of repairing, replacing, or restoring portions of the Common Elements) by the Board without the prior approval of the Owners.

4.15. Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any question of interpretation or application of the provisions of the Declaration, the rules and regulations, or the Bylaws, the determination thereof by the Board shall, absent manifest error, be final and binding on each and all of such Owners.

4.16. Committees and Subcommittees. The Board may from time to time establish one or more committees or subcommittees, which shall be created and terminated by the Board. The Board shall establish the mission of each committee or subcommittee, shall determine the number of members thereof, and shall appoint such members. The Board may establish such procedural rules to govern such committees or subcommittees as the Board deems necessary or advisable, and in the absence of any such rules, each such committee or subcommittee shall follow the procedural rules set forth in these Bylaws for the Board of Directors to the extent consistent with the number of members and their mission.

4.17. Architectural Control Committee. The Board shall establish an Architectural Control Committee which shall be a standing committee of the Board, for the purposes and with the authority set forth in the Declaration. Initially, the Architectural Control Committee shall have three (3) members who shall be appointed by the Developer. After the Turnover Date, the Board may increase the number of members of the Architectural Control Committee to such number as the Board may determine, and shall appoint and remove the members of the Architectural Control Committee. All members of the Architectural Control Committee shall be members of the Board, Members of the Association, or no more no more than two (2) persons who are neither but who have proficiency in one or more of the fields of architecture, landscape architecture or urban planning or design (and who may be compensated for their services).

ARTICLE V OFFICERS

5.1. Officers. The Officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board), a Treasurer, and a Secretary (collectively, the "Officers," and each individually an "Officer").

5.2. Election and Term of Office. The Officers shall be elected annually by the Board at the first regular meeting of the Board held after the annual meeting of the Members from among the members of the Board. If the election of Officers shall not be held at this meeting, the election shall be held as soon thereafter as conveniently may be possible. Vacancies may be filled or new offices created and filled at any meeting of the Board. Each Officer shall hold office until the Officer's successor shall have been duly elected and shall have qualified. An Officer may succeed himself or himself in office. Officers shall serve without compensation.

5.3. Removal. Any Officer may be removed by a majority vote of the members of the Board.

5.4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board for the unexpired portion of the term of the member of the Board no longer serving.

5.5. President. The President shall be the principal executive Officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board. The President may sign, with the Secretary or any other proper Officer of the Association authorized by the Board, any deeds, mortgages, contracts, or other instruments the Board has authorized to be executed, and any amendment to the Declaration or as provided in applicable laws, and, in general, shall perform all duties incident to the office of President, and such other duties as may be prescribed by the Board from time to time.

5.6. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents, in order of their election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions on the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board.

5.7. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such money in the name of the Association in those banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VII of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or by the Board.

5.8. Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; receive all notices on behalf of the Association; count votes of Members and members of the Board; together with the President, execute on behalf of the Association amendments to the Association Instruments and other documents as required or permitted by the Declaration, these Bylaws, or the applicable laws; be custodian of the records and, if the Association is incorporated, of the seal of the Association and, if the Association is incorporated, see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board.

ARTICLE VI POWERS AND DUTIES OF THE ASSOCIATION AND BOARD

6.1. General Duties, Powers, etc., of the Board. The Board shall exercise for the Association all powers, duties, and authority vested in the Association by applicable laws and the Association Instruments, including but not limited to the following:

6.1.1. Operation, care, upkeep, maintenance, replacement, and improvement of the Common Areas and Common Elements to the extent the operation, care, upkeep, maintenance, replacement, and improvement of any thereof is not imposed on Owners hereunder or under the Declaration.

- 6.1.2.. Preparation, adoption, and distribution of the annual budget for the Property.
- 6.1.3. Levying and expending of assessments.
- 6.1.4. Collection of assessments from Owners.
- 6.1.5. Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Areas and the Common Elements.
- 6.1.6. Obtaining adequate and appropriate kinds of insurance.
- 6.1.7. Owning, conveying, encumbering, leasing, and otherwise dealing with Lots and land conveyed to or purchased by it.
- 6.1.8. Adoption and amendment of rules and regulations covering the details of the operation and use of the Property, but no such rule or regulation shall make improper or legal any program or activity of the Developer that immediately prior to the adoption or amendment of the rule or regulation was otherwise proper or legal hereunder.
- 6.1.10. Keeping of detailed, accurate records of the receipts and expenditures affecting the use and operation of the Property.
- 6.1.11. Having access to each Lot, from time to time, as may be necessary for the maintenance, repair, or replacement of any Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Areas or Common Elements or to another Lot or Lots.
- 6.1.12. Borrowing money at such rates of interest as it may determine, issuing its notes, bonds, and other obligations to evidence such borrowing, and securing any of its obligations by making a mortgage or giving a security interest in all or any of its property or income.
- 6.1.13. Paying real estate property taxes, special assessments, and any other special taxes or charges of the State of Wisconsin or of any political subdivision thereof or other lawful taxing or assessing body, that are authorized by law to be assessed and levied on the real property of the subject to the Declaration (other than assessments on Lots not owned by the Association).
- 6.1.14. Imposing charges for late payments of an Owner's Assessments, or any other expenses lawfully agreed on, and after notice and an opportunity to be heard, levying reasonable fines for violation of the Declaration, Bylaws, and rules and regulations of the Association.
- 6.1.15. Assigning its rights to future income, including the right to receive Assessments.
- 6.1.16. Recording the dedication of portion of the Common Areas or Common Elements to a public body for use, as, or in connection with, a street or utility, when authorized by the Members under the provisions of the Declaration.
- 6.1.17. Recording the grant of an easement for construction, maintenance, or repair of a project for protection against water damage or erosion.

6.1.18. Making reasonable accommodation of the needs of disabled Owners, as required by any applicable law, in the exercise of its powers with respect to the use of the Common Areas and Common Elements.

In the performance of their duties, the Officers and members of the Board shall exercise, whether appointed by the Developer or elected by the Members, the care required of a fiduciary of the Members and the Association.

6.2. Specific Powers and Duties. Anything herein contained to the contrary notwithstanding, the Association, acting through the Board, shall have the following powers:

6.2.1. To engage the services of a manager or managing agent, who may be any person, firm, or corporation, on such terms and compensation as the Board deems fit, and to remove such manager or managing agent at any time, provided any agreement with such manager or managing agent shall extend for not more than three (3) years and must be terminable by either party to such agreement without cause and without payment of a termination fee, or ninety (90) days' or less prior written notice.

6.2.2. To engage the services of any person (including, but not limited to, accountants and attorneys) deemed necessary by the Board at such compensation as is deemed reasonable by the Board, in the operation, repair, maintenance, and management of the Property, or in connection with any duty, responsibility, or right of the Association and to remove, at any time, any such personnel.

6.2.3. To establish or maintain one or more bank accounts for the deposit of any funds paid to or received by the Association.

6.2.4. To invest any funds of the Association in certificates of deposit, money market funds, or comparable investments.

6.2.5. Upon authorization of a two-thirds (2/3) vote of the members of the Board, or by affirmative vote of not less than a majority of the Owners at a meeting duly called for such purpose, acting on behalf of all Owners, to seek relief from or in connection with the assessment or levy of any real property taxes, special assessments, or charges of the State of Wisconsin or any political subdivision thereof or of any lawful taxing or assessing body, and to charge and collect all expenses incurred in connection therewith as Common Expenses (hereinafter defined).

Nothing herein contained shall be construed to give the Association or the Board authority to conduct an active business for profit on behalf of all the Owners or any of them. The granting of licenses, leases, or concessions as provided in the Declaration shall not be considered conducting an active business for profit.

6.3. Authorized Expenditures. The Association, acting through the Board, shall pay for the following (together with any other necessary or appropriate expenditures authorized hereunder or any other amounts specifically identified as such, the "Common Expenses"):

6.3.1. Water, waste removal or other necessary utility services for the Common Areas and Common Elements and such services to the Lots as are not separately metered or charged to the owners thereof.

6.3.2. Such insurance as the Association is required or permitted to obtain as provided in the Declaration.

6.3.3. Landscaping, gardening, snow removal, cleaning, maintaining, and replacing portions of the Common Areas and Common Elements and such equipment for the Common Areas and Common Elements as the Board shall determine are necessary and proper, and the Association, acting through the Board, shall have the exclusive right and duty to acquire the same for the Common Areas and the Common Elements.

6.3.4. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or assessments that the Board deems necessary or proper for the maintenance and operation of the Property or for the enforcement of any restrictions or provisions contained herein or in the Declaration.

6.3.5 Any amount necessary to discharge any mechanics lien or other encumbrance levied against the Property or any part thereof that may in the opinion of the Board constitute a lien against the Property or against the Common Areas or the Common Elements rather than merely against the interest therein of particular Owners. When one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Association by reason of said lien or liens shall be specially assessed to said Owners and shall, until paid by such Owners, shall constitute a lien on the interest of such Owner in his or her Lot or Lots, which lien may be perfected and foreclosed in the manner provided in the Declaration.

6.3.5. Maintenance and repair of any Lot or any other portion of the Property that an Owner is obligated to maintain or repair under the terms of the Association Instruments, if such maintenance or repair is necessary, in the discretion of the Board, to protect the Common Areas or Common Elements or any other portion of the Property, and the Owner of said Lot has failed or refused to perform the maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair is delivered by the Association to the Owner; provided that the Association shall levy a special assessment against such Owner for the cost of the maintenance or repair, and the amount of such special assessment shall constitute a lien on the interest of such Owner in his or her Lot or Lots, which lien may be perfected and foreclosed in the manner provided in the Declaration.

6.3.6. Maintenance and repair (including payment of real estate taxes and Common Expenses) with respect to any Lot owned by the Association.

6.3.7. If, due to the act or neglect of an Owner or of a member of his or her household or household pet or of a guest or other authorized occupant or visitor of such Owner, damage shall be caused to the Common Areas or Common Elements or to a Lot or Lots owned by others, or maintenance, repairs or replacements shall be required that would otherwise be a Common Expense, the assessment against such Owner of a charge for such damage and such maintenance, repairs, and replacements as may be determined by the Board, to the extent not covered by insurance, and the amount of such special assessment shall constitute a lien on the interest of such Owner in his or her Lot or Lots, which lien may be perfected and foreclosed in the manner provided in the Declaration.

All expenses, charges, and costs of the maintenance, repair, or replacement of the Common Areas and the Common Elements, and any other expenses, charges, or costs that the Association may incur or expend pursuant hereto, shall be approved by the Board, and a written memorandum thereof prepared and signed by the Treasurer. There shall be no structural alterations to, capital additions to, or capital improvements on or in the Common Areas or the Common Elements or property owned by the Association (other than for purposes of repairing, replacing, and restoring existing portions of the Common Areas or Common Elements) requiring an expenditure in excess of Five Thousand Dollars (\$5,000) without the prior approval of sixty-seven percent (67%) of the

Owners. Separate or special assessments for additions or alterations to the Common Areas or the Common Elements or to Association-owned property not included in an Annual Budget are subject to the approval of sixty-seven percent (67%) of the Owners.

As used herein, the term "repairing, replacing, and restoring" means to repair, replace, or restore deteriorated or damaged portions of the then-existing facilities, landscaping, structural components, or equipment to their functional equivalent prior to the deterioration or damage. In the event the replacement of a Common Element may result in an improvement over the quality of such Common Element as originally designed, the Board may provide for such improvement, provided that if the improvement over and above the functional equivalency of what existed before results in a proposed expenditure in excess of five percent (5%) of the annual budget, the Board, on receipt of a written petition by Owners with twenty percent (20%) of the votes of the Association, within fourteen (14) days after the Board's action to approve such expenditure, shall call a special meeting of Owners within thirty (30) days after its receipt of such petition. Unless a majority of the total votes of the Owners cast at such special meeting reject the expenditure, the Board's decision to make the expenditure is ratified.

6.3.8. Landscaping, gardening, snow removal, cleaning, maintenance, decorating, repair, and replacement of the Common Areas and Common Elements and such equipment for the Common Areas and the Common Elements as the Board shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire the same for the Common Elements.

6.4. Annual Budget and Assessments.

6.4.1. Each year, on or before November 1st, the Board shall estimate the annual budget of Common Expenses (the "Annual Budget"), including the total amount required for the cost of wages, materials, insurance, services, and supplies that will be required during the ensuing calendar year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements (as hereinafter specified) and each Member's proposed Common Expense assessment, together with an indication of which portions of the Annual Budget are intended for capital expenditures or repairs or payment of real estate taxes. The Board shall deliver a copy of the proposed Annual Budget to each Member at least thirty (30) days before the adoption thereof but in no event later than December 1. The Association shall give Members notice as provided in Section 3.4 of these Bylaws of the meeting of the Members, at which the Members shall consider and vote upon the proposed Annual Budget. The Annual Budget shall be adopted and approved by a majority of the Members entitled to vote as established by the articles of incorporation of the Association and these Bylaws, and by rules validly adopted by resolution of the Board.

6.4.2. If said Annual Budget proves inadequate for any reason, including nonpayment of any Owner's assessment, or any nonrecurring Common Expense or any Common Expense not set forth in the Annual Budget as adopted, the Board may at any time levy a further assessment, which shall be separately assessed to the Owners on the same basis as the regular Annual Assessment, and which may be payable in one lump sum or such installments as the Board may determine ("Special Assessment"). The Board may call a special meeting upon at least five (5) days written notice for the purpose of making a Special Assessment. The nature of the proposed Special Assessment shall be included in the notice. A majority of Members entitled to vote shall constitute a quorum for a special meeting, and a majority of members entitled to vote who are present at the special meeting shall determine as question. The Board shall serve notice of such Special Assessment on all Owners (as provided in Section 3.4 of these Bylaws) by a statement in writing, giving the amount and reasons therefor, and such Special Assessment shall become effective and shall be payable to such time or times as determined by the Board.

All Owners shall be obligated to pay the Special Assessment.

6.4.3. If an adopted Annual Budget or any Special Assessment requires assessment against Owners in any year exceeding one hundred fifteen percent (115%) of the assessments (both regular and special, if any) for the preceding year, the Board, on written petition by Owners representing twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14) days of the Board action, shall call a meeting of the Owners within thirty (30) days of the date of delivery of the petition to consider the budget or special assessment. Unless a majority of the votes of the Owners are cast at a meeting to reject the budget or special assessment, it is ratified. In determining whether special assessments, together with regular assessments, exceed one hundred fifteen Percent (115%) of similar assessments in the preceding year, any separate assessment for expenditures relating to emergencies or mandated by law shall not be included in the computation, and the Board may approve such assessment without the right of Owner veto set forth in this paragraph. As used herein, "emergencies" mean an immediate danger to the structural integrity of the Common Elements or to the life, health, safety, or property of the Owners.

6.4.4. The Board shall determine the assessment by dividing the amount of the Annual Budget among all Lots equally. The rate of the Annual Assessment shall not be limited by the amounts set forth in Wisconsin Statutes, Section 779.70. Each Owner shall be obligated to pay to the Association, or as it may direct, the portion of the Annual Budget assessed to such Owner in an annual installment (subject to acceleration as hereinafter provided) on or before January 1st of the ensuing year; provided, however, the Board may elect to require the annual assessment to be paid in installments on dates set by the Board, in which case each Lot owner shall be obligated to pay such installments on or before such dates.

6.4.5. The failure or delay of the Association to prepare or serve the Annual Budget on the Owners shall not constitute a waiver or release in any manner of the Owners' obligation to pay the maintenance and other costs and necessary Reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual or adjusted budget, the Owners shall continue to pay the monthly assessment charges at the then-existing monthly rate established for the previous period until the monthly assessment payment that is due more than ten (10) days after such new annual Budget shall have been mailed.

6.4.6. Anything herein or in the Declaration to the contrary notwithstanding, the Board may charge to fewer than all Owners such portion of the insurance premium for insurance the Association is required or permitted to obtain that reflects increased charges for coverage on the Lots owned by such Owners, on such reasonable basis as the Board shall determine. Such charge shall be considered a Common Expense, but only with respect to the Lots owned by such Owners, for all purposes herein and under the Declaration.

6.4.7. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such Special Assessments as may be levied hereunder against less than all the Owners and for such special adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use, and account of all the Owners.

6.5. Annual Accounting.

6.5.1. On or before the date of the annual meeting of Lot owners, the Board shall supply to all Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with an indication of which portions of the Annual Budget were for capital expenditures or repairs or payment of real estate taxes, and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus Reserves. Any amount accumulated in

excess of the amount required for actual expenses and Reserves shall be divided by the number of Lots in the Association and one share shall be credited to the next monthly installments due from Owners under the current year's Annual Budget, until exhausted, and any net shortage shall be added, in the same manner, to the installments due in the succeeding six (6) months after rendering of the accounting.

6.5.2. The Association shall allow any First Mortgagee to examine the books and records of the Association during reasonable business hours and to receive, on request, annual reports and other financial data prepared by the Association, or at its direction.

6.5.3. The Association shall provide an audited financial statement for the preceding fiscal year within one-hundred-twenty (120) days after the end of such fiscal year on submission of a written request by any holder, insurer, or guarantor of a first mortgage secured by a Lot.

6.6. Reserves.

6.6.1. The Association may build up and maintain a reasonable reserve for operations, contingencies, and replacement ("Reserves"). Extraordinary expenditures not originally included in the Annual Budget that may become necessary during the year shall be charged first against such Reserve. In addition, the Association or the Board shall have the right to segregate all or any portion of the Reserve for any specific replacement or contingency on such conditions as the Association or the Board deems appropriate. The Developer may not use any of the Reserves to defray any of its expenses or make up any budget deficits while the Developer is in control of the Association.

6.6.2. The Annual Budget may provide for reasonable Reserves for capital expenditures and deferred maintenance for repair or replacement of the Common Elements. To determine the amount of Reserves appropriate for the Association, the Board shall take into consideration the following: (a) the repair and replacement cost and the estimated useful life of the property the Association is obligated to maintain, including but not limited to landscaping, structural components and equipment; (b) the current and anticipated return on investment of Association funds; (c) any independent professional reserve study the Association may obtain; (d) the financial impact on Owners, and the market value of the Lots, of any assessment increase needed to fund Reserves; and (e) the ability of the Association to obtain financing or refinancing.

6.6.3. Except to the extent that Developer, as an Owner of Lots, is required to pay assessments and a portion of those assessments is used by the Association to fund one or more reserves for capital or other expenses, Developer shall have no responsibility for separately funding or contributing to any capital or other reserve account on behalf of the Association or the Property.

6.8. Books of Account and Statement of Account.

6.8.1. The Association shall keep full and correct books of account, which shall be open for inspection by any Owner, or any representative of an Owner duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the Owner. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners and for such special adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use, and account of all the Owners.

6.8.2. Upon ten (10) days' notice to the Association and the payment of a reasonable fee fixed by the

Association not to exceed Fifteen Dollars (\$15.00), any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

ARTICLE VII CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

7.1. Contracts. The Board may authorize any Officer or Officers or agent or agents of the Association, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

7.2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such Officer or Officers or agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Association. In the absence of such determination by the Association, such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

7.3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

7.4. Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE VIII BOOKS AND RECORDS

8.1. Maintaining Books and Records. The Association shall keep correct and complete books and records of account, and shall also keep minutes of the proceedings of its Members, the Board, and committees having any of the authority of the Board. The Secretary shall be the office responsible for performing these duties.

8.2. Members to furnish Names and Current Address. Each Member shall furnish the Association with his or her name and current mailing address, and until such Member does so, such Member shall be entitled to vote, in person or by proxy, at meetings of the Association.

8.3. Availability for Examination. The manager or Board shall maintain the following records of the Association available for examination and copying at convenient hours of weekdays by the Owners or their mortgagees and their duly authorized agents or attorneys:

a. Copies of the recorded Declaration and Bylaws and any amendments thereto, Articles of Incorporation of the Association if incorporated, annual reports if unincorporated, and any rules and regulations adopted by the Association or the Board; before the first annual meeting of Members of the Association, the Developer shall maintain and make available for examination and copying the records set forth in this subsection a.

b. Detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the

Association.

c. The minutes of all meetings of the Association and the Board.

d. A record giving the names and addresses of the Members entitled to vote.

e. Ballots and proxies related thereto for all elections to the Board and for any other matters voted on by the Owners, which shall be maintained for not less than two (2) years; provided, however, that in the event the Association adopts rules for secret ballot election as provided in the applicable laws, then, unless directed by court order, only the voting ballot excluding the Lot address shall be subject to inspection and copying.

f. Such other records of the Association as are available for inspection by Members of a non-profit corporation pursuant to the Wisconsin Nonstock Corporations Act.

A reasonable fee covering the direct out-of-pocket cost of providing such information and copying may be charged by the Association or the Board for the cost of providing such information and copying.

ARTICLE IX FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December.

ARTICLE X AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted:

a. unilaterally by the Developer until such time as the Developer (including any successor Developer) conveys the first Lot to another Owner other than an assignee or a successor in interest to the Developer; or

b. on the affirmative vote of sixty-seven percent (67%) of all of the Lots at a regular meeting, or at any special meeting called for such purpose. Notwithstanding anything to the contrary in this clause (b), in addition to the requirement for the 67% vote of the Members as aforesaid, until such time as the Developer (including any successor Developer) conveys all but the last Lot to other Owners, all amendments, supplements and modifications to these Bylaws must be approved and executed by the Developer.

ARTICLE XI LIABILITY OF BOARD MEMBERS AND OFFICERS; INDEMNIFICATION

Neither the Directors nor the Officers shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors or Officers except for any acts or omissions found by a court to constitute gross negligence or fraud, or, with respect to any criminal action or proceeding, such Director or Officer had no reasonable cause to believe that his conduct was unlawful. The Association shall indemnify and hold harmless the Directors and Officers, their heirs and legal representatives,

against all contractual and other liabilities to others arising out of contracts made by or other acts of the Directors or Officers unless a court of competent jurisdiction shall have found such contract or act was made fraudulently or with willful misfeasance or gross negligence, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Association. Notwithstanding the foregoing, no indemnity shall be operative with respect to any matter settled or compromised, and, in the opinion of the independent counsel selected by or in a manner determined by the Board, there is clear and convincing evidence for such person being adjudged liable for gross negligence or fraud in the performance of his or her duties as such Director or Officer.

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, on receipt of an undertaking by or on behalf of the Director or the Officer to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article. The burden of the foregoing indemnity shall be borne by the Owners at the time such loss, damage, cost or expense is incurred in the same proportion as assessments are borne by the Owners as provided in Section 6.4 hereof. The sums necessary to discharge the obligations of the Association under this Article shall be Common Expenses.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of the Members or disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a Director or an Officer. Directors appointed by the Developer, and Officers elected by Directors appointed by the Developer, shall be entitled to all the protections of this Article. Nothing in this Article XI shall be construed as a limitation upon any right for indemnification contained in Sections 181.0855, 181.0871, 181.0872, 181.0873, 181.0877, 181.0879 or 181.0881 of the Wisconsin Statutes, and the directors, members and officers, their heirs and legal representatives shall be entitled to be indemnified against all claims and liabilities to the fullest extent permitted by Sections 181.0855, 181.0871, 181.0872, 181.0873, 181.0877, 181.0879 and 181.0881 of the Wisconsin Statutes.

ARTICLE XII CONSTRUCTION

12.1. Nothing hereinabove contained shall in any way be construed as altering, amending, or modifying the Declaration. The Declaration and these Bylaws shall always be construed to further the harmonious, beneficial, cooperative, and proper use and conduct of the Property. If there is any inconsistency or conflict between these Bylaws and the aforesaid Declaration, the provisions of the Declaration shall control.

12.2. All words and terms used herein that are also used in the Declaration shall have the same meaning as provided for such words and terms in the Declaration.

12.3. In the event the Association is incorporated, the words "Board of Directors" and "Director" shall be substituted for the words "Board" and "member of the Board," respectively, wherever they appear herein.