

HIGHLAND WOODS CONDOMINIUM HOMES, INC.

BYLAWS

Table of Contents

<u>Paragraph</u>		<u>Page</u>
ARTICLE I		
<u>Name, Form of Administration, Address</u>		
1.01	Name. . . . .	B-5
1.02	Principal Office. . . . .	B-5
1.03	Definitions . . . . .	B-5
1.04	Form of Administration. . . . .	B-6
ARTICLE II		
<u>Members, Rights and Obligations, Meetings</u>		
2.01	Members . . . . .	B-6
2.02	Annual Meetings . . . . .	B-7
2.03	Special Meetings. . . . .	B-7
2.04	Notice of Meetings. . . . .	B-7
	(1) Content of Notice. . . . .	B-7
	(2) Delivery of Notice . . . . .	B-7
	(3) Failure to Receive Notice. . . . .	B-7
	(4) Holders of Security Interests. . . . .	B-7
	(5) Waiver of Notice . . . . .	B-8
2.05	Quorum. . . . .	B-8
2.06	Vote Required to Transact Business. . . . .	B-8
2.07	Voting. . . . .	B-8
	(1) Proxies. . . . .	B-9
	(2) Representatives. . . . .	B-9
	(3) Suspension . . . . .	B-9
2.08	Unanimous Consent Without Meeting . . . . .	B-9
2.09	Adjournment . . . . .	B-9
2.10	Order of Business . . . . .	B-9
2.11	Reserved Rights . . . . .	B-10
ARTICLE III		
<u>Board of Directors</u>		
3.01	Number and Qualification. . . . .	B-10
3.02	Election. . . . .	B-10
3.03	Term of Office. . . . .	B-10

Table of Contents (continued)

<u>Paragraph</u>		<u>Page</u>
3.04	Vacancies . . . . .	B-11
3.05	Removal of Directors. . . . .	B-11
3.06	Compensation. . . . .	B-11
3.07	Annual Meeting. . . . .	B-11
3.08	Regular Meetings. . . . .	B-11
3.09	Special Meetings. . . . .	B-11
3.10	Notice. . . . .	B-11
3.11	Waiver of Notice. . . . .	B-12
3.12	Unanimous Consent Without Meeting . . . . .	B-12
3.13	Quorum. . . . .	B-12
3.14	Open Meetings . . . . .	B-12
3.15	Committees. . . . .	B-12
3.16	Order of Business . . . . .	B-13
3.17	Powers and Duties . . . . .	B-13
	(1) Rules. . . . .	B-13
	(2) Delinquencies. . . . .	B-13
	(3) Insurance. . . . .	B-13
3.18	Annual Statement. . . . .	B-15

ARTICLE IV

Interim Control

4.01	Scope . . . . .	B-15
4.02	Declarant Powers. . . . .	B-15
4.03	Board of Directors. . . . .	B-15
4.04	Turnover Date . . . . .	B-15
4.05	Assumption of Control . . . . .	B-16
4.06	Exemption . . . . .	B-16
4.07	Amendments. . . . .	B-17
4.08	Termination . . . . .	B-17

ARTICLE V

Officers

5.01	Designation . . . . .	B-17
5.02	Election of Officers. . . . .	B-17
5.03	Term. . . . .	B-17
5.04	Removal of Officers . . . . .	B-17
5.05	Resignations. . . . .	B-17
5.06	Vacancies . . . . .	B-17
5.07	President . . . . .	B-17
5.08	Vice President. . . . .	B-18
5.09	Secretary . . . . .	B-18
5.10	Treasurer . . . . .	B-19

Table of Contents (continued)

<u>Paragraph</u>		<u>Page</u>
5.11	Assistant Secretaries and Assistant Treasurer . . . . .	B-19
5.12	Other Assistants and Acting Officers. . .	B-20
ARTICLE VI		
<u>Assessments</u>		
6.01	Common Expenses . . . . .	B-20
6.02	Regular Assessments . . . . .	B-20
	(1) Budget . . . . .	B-20
	(2) Assessments. . . . .	B-20
6.03	Special Assessments . . . . .	B-21
6.04	Collection. . . . .	B-21
6.05	Default . . . . .	B-21
ARTICLE VII		
<u>Accounts; Finances</u>		
7.01	Accounts. . . . .	B-22
7.02	Audits. . . . .	B-22
7.03	Checks. . . . .	B-22
ARTICLE VIII		
<u>Liability Of Officers</u>		
8.01	Exculpation . . . . .	B-22
8.02	Indemnification . . . . .	B-22
ARTICLE IX		
<u>Fiscal Year</u>		
9.01	Fiscal Year . . . . .	B-23
ARTICLE X		
<u>Amendment</u>		
10.1	Amendment . . . . .	B-23

Table of Contents (continued)

<u>Paragraph</u>		<u>Page</u>
	ARTICLE XI	
	<u>Seal</u>	
11.01	No Seal. . . . .	B-24
	ARTICLE XII	
	<u>Application</u>	
12.01	Application. . . . .	B-24
	ARTICLE XIII	
	<u>Interpretation</u>	
13.01	Interpretation . . . . .	B-24
13.02	Captions . . . . .	B-24
13.03	Gender; Number . . . . .	B-24

BYLAWS  
OF  
HIGHLAND WOODS CONDOMINIUM HOMES, INC.

The following Bylaws apply to Highland Woods Condominium Homes, Inc. created by a Declaration of Condominium ("Declaration") recorded with the Register of Deeds of Dane County, Wisconsin on the 14th day of December, 1983, in Volume 5193 of Records, beginning at page 24 as Document No. 1813160 and a Condominium Plat recorded in Volume 5193 of Records, beginning at page 53 as Document No. 1813160; all of the foregoing was amended by an Amendment to the Declaration of Condominium of Highland Woods Condominium Homes, and recorded October 12, 1984, in Volume 6170 of Records, page 46, as Document No. 1854427. These Bylaws incorporate by reference the said Declaration of Condominium and Condominium Plat, the Articles of Incorporation of Highland Woods Condominium Homes, Inc., and the Wisconsin Condominium Ownership Act, Chapter 703, Wisconsin Statutes. The Bylaws are intended to provide the structure necessary for the operation and maintenance of the Common Elements of the Condominium, to control and regulate the use and enjoyment of the Condominium for the benefit of all persons authorized to use it, to establish the procedure for the levy and collection of assessments to finance the operations of the Association, and to permit Unit Owners to participate through a democratic structure in this process of maintenance, operation, financing and control.

ARTICLE I

General

1.01. Name. The name of the corporation shall be HIGHLAND WOODS CONDOMINIUM HOMES, INC. ("Association").

1.02. Principal Office. The principal office of the Association shall be at 315 West Gorham Street, Madison, Wisconsin 53703, or at such location as may be designated by the Association's Board of Directors. All books and records of the Association shall be kept at its principal office.

1.03. Definitions. As used herein, the term corporation shall be synonymous with the Association of Unit Owners as defined in the Declaration of Condominium of Highland Woods Condominium Homes. Highland Woods Condominium Homes created by the Declaration referred to

above shall herein be referred to as the "Condominium". The terms "Condominium", "property", "Unit", ("Detached Unit" and "Attached Unit"), "Unit Owner", "Common Expenses", "Common Surpluses", "Common Elements", "Limited Common Elements" and "Special Unit Elements" are defined as set forth in the Declaration and in the Wisconsin Condominium Unit Ownership Act, Chapter 703, Wisconsin Statutes, or as amended.

1.04. Form of Administration. The Association is incorporated as a Wisconsin non-stock, non-profit corporation under Chapter 181, Wisconsin Statutes, or as amended. Control of the Association, except as otherwise provided herein, is vested in the Board of Directors to be elected by the members in accordance with Article III hereof.

## ARTICLE II

### Members, Rights And Obligations, Meetings

2.01. Members. All Unit Owners in the Condominium are, by the fact of ownership of their Unit, members of the Association. Membership in the Association shall be limited to Unit Owners. Members are granted all rights and subject to all obligations of membership as created herein.

- (1) Membership in the Association may be transferred only as an incident to the transfer of the transferor's Unit and his undivided interest in the Common Elements, Limited Common Elements, and Special Unit Elements of the Condominium. Upon conveyance or other transfer of a Unit Owner's interest in a Unit, the transferor ceases to be a member of the Association and the transferee becomes a member. The Association shall maintain a roster of the names and addresses of all Unit Owners and upon conveyance and other transfer it shall be the responsibility of the transferee to notify the Association of the information necessary to keep the roster current.
- (2) The Association shall also maintain a roster of holders of security interests in Units and shall provide such notices regarding the Unit encumbered and the Condominium as a Unit mortgagee requests or the law requires. Unit Owners are responsible for providing

the information necessary to keep this roster current.

2.02. Annual Meeting. The annual meeting of the Association shall be held during the month of September at a time and location selected by the Board of Directors.

2.03. Special Meetings. Special meetings may be held at any time on the call of the President or on written request to the Association by owners of not less than thirty percent (30) of the Units. Special meetings held on written request as provided herein shall be conducted within sixty (60) days of the date of receipt of the request unless the request specifies a longer period. Notice (to be given by the Secretary) given to the members of a special meeting shall specify the business to be conducted at such meeting and any such business conducted as a special meeting shall be confined to the matters stated in the notice thereof.

2.04. Notice of Meetings. The Secretary of the Association shall give written notice of every meeting to every member at least ten (10) days before the date set for such meeting.

- (1) Content of Notice. The notice shall state whether the meeting is an annual or special meeting, the authority for the call of the meeting, the place, date and hour of the meeting and, if required, the purpose(s) or question(s) to be considered at the meeting.
- (2) Delivery of Notice. The notice shall be given and deemed effective by delivery of a copy to the member personally or by mailing the notice to the member at his address as it appears on the Association's roster, postage prepaid.
- (3) Failure to Receive Notice. If notice is given as provided hereunder, the failure of any member to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting.
- (4)  Holders of Security Interests. Upon written request to the Secretary of the Association, the holder of any recorded security interest in any Unit in the Condominium may obtain a copy of any notice permitted or required to be given by these Bylaws from the date of

receipt of the request until such request is withdrawn or the security interest is discharged of record. Notice shall be given to all holders of security interests of proposed amendments to the Declaration.

- (5) Waiver of Notice. The presence of any member in person or by proxy shall be deemed a waiver of notice as to such member unless such member objects at the opening of the meeting to the holding of the meeting because of failure to give proper notice. Members may waive notice of any meeting in writing to the Secretary.

*29th*  
2.05. Quorum. Fifty-one percent (51%) of the total number of members of the Association, present in person or represented by written proxy, shall be requisite to, and shall constitute a quorum at all meetings of the members for, the transaction of business, except as otherwise provided by Wisconsin Statute, the Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

2.06. Vote Required to Transact Business. When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy, shall decide any question brought before the meeting, unless the question is one which, by express provision of the Wisconsin Statutes, the Declaration, the Articles of Incorporation or these Bylaws require a different vote, in which case such express provision shall govern and control the decision of such question.

2.07. Voting. Voting is on the basis of one vote per living Unit. Each living Unit is entitled to cast one (1) indivisible vote without regard to the number of persons who have an ownership interest in the living Unit. The vote for each living Unit may be cast as agreed by the persons who have an ownership interest in the living Unit and if only one such person is present it is presumed that person has the right to cast the Unit vote unless there is contrary evidence presented. In the event they cannot



agree on the manner in which the vote is to be cast no vote may be accepted from that living Unit.

- (1) Proxies. A member may give another person authority to represent him and vote on his behalf at meetings of the Association. Such proxy must be in writing, dated and signed by the member, and filed with the Secretary. Except for a proxy to a mortgagee or lessee of the Unit involved, no proxy is valid for more than 180 days after its date and may be revocable upon terms and conditions stated therein; however a member may renew his proxy by filing a new proxy or a renewal of the existing proxy with the Secretary. A proxy may grant full or limited voting rights and may contain instructions, which shall be binding on the proxy holder.
- (2) Representatives. Any personal representative, executor or administrator of the estate of any member, or guardian or trustee for any member, may exercise such member's voting rights. Such person shall file an affidavit or other proof of his status with the Secretary.
- (3) Suspension. Voting rights may be suspended by vote of the Association's Board of Directors in accordance with the Declaration and no person who is not a Unit Owner may vote unless such person holds a proxy from one who appears on the roster.

2.08. Unanimous Consent Without Meeting. Any action required or permitted by these Bylaws, or any provision of law to be taken at a meeting of the Association, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof.

2.09. Adjournment. Any meeting of the Association may be adjourned from time to time and to such place and time as may be determined by a majority vote of those present, whether or not a quorum is present. No further announcement of the time or place of the adjourned meeting is required.

2.10. Order of Business. The order of business at all annual meetings is as follows:

- (a) Roll Call
- (b) Proof of Notice
- (c) Proof of Quorum
- (d) Reading of Minutes of Preceding Annual Meeting
- (e) Report of Officers
- (f) Report of Committees
- (g) Election of Board of Directors
- (h) Unfinished Business
- (i) New Business
- (j) Approval of Budget
- (k) Adjournment

The order of business at all special meetings shall be determined by the President.

2.11. Reserved Rights. Election of the Association's Board of Directors, amendment of the Bylaws, borrowing funds, acquiring or conveying any interest in real estate, final approval of the annual budget, and levying of special assessments are reserved to vote by the members.

### ARTICLE III

#### Board Of Directors

3.01. Number and Qualification. The affairs of the Association are governed by a Board of Directors composed of no less than three (3) nor more than nine (9) directors. All directors must be Unit Owners except that the initial directors named in the Articles of Incorporation need not be Unit Owners. Within the limits specified above, the number of directors shall be determined by the members at the annual meeting.

3.02. Election. Directors are elected at the annual meeting of the Association. Those candidates receiving the greatest number of votes from among the candidates running for the available Board positions shall be elected, notwithstanding the fact that they do not receive a majority of the votes cast. Each Unit has one vote for each vacancy on the Board and cumulative voting shall not be allowed.

3.03. Term of Office. The term of office for each director is one (1) year. Directors hold office until their successors are elected and qualified.

3.04. Vacancies. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting of directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired portion of the term of the vacated office.

3.05. Removal of Directors. Directors, other than those named in Article VII of the Association's Articles of Incorporation, may be removed for cause by an affirmative vote of a majority of the qualified votes of members. No directors, other than the initial directors named in the Articles, shall continue to serve on the Board if, during his term of office, his membership in the Association shall be terminated for any reason whatsoever.

3.06. Compensation. No compensation shall be paid to directors for their services as officers or directors.

3.07. Annual Meetings. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Association. No notice is necessary to newly-elected directors in order legally to constitute such meeting, provided that quorum of the directors is present.

3.08. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly. The time, place and manner of such regular meetings shall be as determined from time to time by resolution of the directors.

3.09. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or a majority of the Board. The time, place and manner of such meetings shall be determined by the President.

3.10. Notice. Notice of all meetings of the Board of Directors must be given to each director at the address specified in the Association's roster of Unit Owners, personally, or by mail, at least three (3) days prior to the date of such meeting. If notice is given as provided herein, the failure of any director to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting.

3.11. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver is deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board is a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice is required and any business may be transacted at such meeting.

3.12. Unanimous Consent Without Meeting. Any action required or permitted by these Bylaws or any provision of law to be taken by the Board of Directors at a meeting may be taken without a meeting, if a consent in writing, setting forth the action taken, is signed by all of the directors then in office.

3.13. Quorum. At all meetings of the Board of Directors, a majority of the directors constitutes a quorum for the transaction of business, and the act of the majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors unless otherwise provided for by express provision of the Wisconsin Statutes, the Declaration, the Articles of Incorporation or these Bylaws. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.14. Open Meetings. Any Unit Owner may attend any annual, regular or special meeting of the Board of Directors.

3.15. Committees. The Board of Directors may by resolution designate one or more committees, each committee to include one or more directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and thereafter amended, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Condominium. The Board of Directors may elect one or more of its members to alternate membership of any such committee and such alternate members may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting.

3.16. Order of Business. The order of business at all meetings of the Board shall be as follows:

- (a) Roll call;
- (b) Proof of Notice and Quorum;
- (c) Reading of minutes of the last meeting;
- (d) Resignations and elections;
- (e) Reports of officers and employees;
- (f) Reports of committees;
- (g) Unfinished business;
- (h) Original resolutions and new business;
- (i) Adjournment.

3.17. Powers and Duties. The Board of Directors may exercise all powers of the Association not specifically reserved to the members and is responsible for establishing policies for the Association in pursuance of its purposes and supervision of the implementation of these policies.

- (1) Rules. The Board of Directors shall adopt rules for the regulation of the use and enjoyment of the Condominium.
- (2) Delinquencies. The Board of Directors may set a delinquency charge, stated in terms of a percentage rate not to exceed one percent (1%) per month, on delinquent payments of regular or special assessments.
- (3) Insurance. Hazard insurance maintained by the Association must be maintained with an insurer licensed in Wisconsin and rated Best's Class VI or better, or Class V if it has a general policyholder's rating of A. Policies shall not be subject to contribution or assessment, to special corporate action by the carrier to authorize payment of benefits or to limiting clauses other than insurance conditions on payment of benefits. The insurance maintained by the Association must provide at least ten (10) days' notice to Unit mortgagee or their assigns before a policy is reduced or cancelled.

Further, the powers of the Board shall specifically include but not be limited to the following:

A. To levy and collect according to the provisions of the Wisconsin Condominium Ownership Act, the

Declaration, the Articles of Incorporation and these Bylaws regular and special Assessments for Common Expenses.

B. To use and expend the Assessments collected to maintain, repair, replace, care for and preserve the Units and property, except those portions thereof which are required to be maintained, cared for and preserved by the Unit Owners, and for other Common Expenses.

C. To purchase the necessary equipment required in the maintenance, care and preservation referred to above.

D. To enter into and upon the Units when necessary, with as little inconvenience to the owners as possible, in connection with said maintenance, care and preservation.

E. To designate and remove personnel necessary for said maintenance, repair, replacement, care and preservation.

F. To insure and keep insured said property in the manner set forth in the Declaration, against loss from fire and/or other casualty and the Unit Owners against public liability, and to purchase such other insurance as the Board of Directors may deem advisable.

G. To collect delinquent Assessments by suit or otherwise, abate nuisances and enjoin or seek damages from the Unit Owners for violations of these Bylaws and the Declaration.

H. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

I. To make reasonable rules and regulations for the occupancy of the Units and use of the Common Elements, Limited Common Elements, and Special Unit Elements.

J. To acquire, rent, or lease Units in the name of the Association or a designee.

K. To contract for management of the Condominium and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration to have the specific approval of the Board of Directors of membership.

L. To carry out the obligations of the Association under any easements, restrictions or covenants running with any land submitted to Condominium ownership.

M. To maintain legal actions, on behalf of the Unit Owners, with respect to any cause of action relating to the Common Elements of more than one Unit.

N. To arbitrate and decide disputes between and among members pursuant to rules and procedures as established by the Board of Directors including but not limited to disputes concerning special unit elements.

3.18. Annual Statement. The Board shall cause to be prepared full and accurate financial statements of the condition of the Association, including the operating expenses of the Association and the assessments paid by each member, which financial statements shall be presented to the membership no less frequently than at each annual meeting.

#### ARTICLE IV

##### Interim Control

4.01. Scope. This Article controls operation of the Association for the period during which Declarant's reservation of rights under Section 25 of the Declaration is in effect. So long as any subsection of this Article is in effect, that Section supercedes all contrary provisions of these Bylaws.

4.02. Declarant Powers. So long as this Article is in effect Declarant has and may exercise all powers reserved by the Bylaws to the members or granted by the Bylaws to the Board of Directors.

4.03. Board of Directors. Except as provided in Section 703.15(2)(d), Wisconsin Statutes, or as amended, Declarant reserves the right to appoint and remove officers and directors of the Association and to exercise the powers and responsibilities of the Association, its members and its directors until the turnover date herein defined.

4.04. Turnover Date. Control of the Association by the Declarant as described above shall not terminate until the earlier of either of the following shall occur: (i) expiration of ten (10) years from the date this Declaration is recorded; or (ii) thirty (30) days after conveyance to purchasers of Units entitled to cast of seventy-five percent (75%) of the votes available in the Association. During this period, Declarant shall have here the full and exclusive right to take all action on behalf of the Association, including but not limited to, the rights to (a) enter into leases of Units, (b) make

contracts and agreements on behalf of the Association for the maintenance, operation, and management of the Condominium, (c) determine, levy, and collect assessments, (d) grant easements, and (e) enact and enforce rules and regulations for the use of the Condominium. Any contracts or agreements entered into by Declarant on behalf of the Association with Declarant or an affiliate of Declarant shall not extend for a period exceeding one (1) year; provided, however, that such contracts or agreements may be automatically renewable if a reasonable period for giving notice of termination is provided at the end of each term. Furthermore, any such contracts or agreements shall provide for termination by either party without cause and without payment of a termination fee upon at least ninety (90) days' prior written notice. Notwithstanding the foregoing, this provision shall not apply to any lease, the termination of which would terminate the Condominium.

Notwithstanding any provision to the contrary, Declarant reserves the following rights: (i) to continue any unfinished development work on any unsold Unit and on the Limited Common Elements, Special Unit Elements, Common Elements (including obtaining any necessary easements therefore); (ii) to conduct promotional and sales activities using unsold Units and the Limited Common Elements, Special Unit Elements, and Common Elements, which activities shall include but need not be limited to maintaining sales and management offices, model Units, parking areas, and advertising signs; and (iii) to do all other acts Declarant shall deem reasonably necessary in connection with the development and sale of the remaining Units. However, any such acts shall not violate the rights of the Unit Owners or their mortgagees or unreasonably interfere with the use and enjoyment of the Units, Limited Common Elements, Common Elements, or Special Unit Elements. Furthermore, Declarant shall be responsible for any damages resulting from the exercise of such rights. Declarant shall also have the right to grant easements over, through, or under any part of the Condominium for the benefit of the Condominium as a whole or any part thereof.

4.05. Assumption of Control. Within 30 days after the turnover date the Association shall meet to elect directors under Article III hereof.

4.06. Exemption. Until all Units, both original and expansion, have been sold by Declarant, Declarant is exempt from the restrictions contained herein and the rules and regulations adopted hereunder.



4.07. Amendments. No amendments to these Bylaws may amend this Section without the consent of Declarant.

4.08. Termination. Upon termination of a subsection of this Article it shall be automatically deleted from these Bylaws.

## ARTICLE V

### Officers

5.01. Designation. The principal officers of the Association are a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Any two of said officers may be united in one person, except that the President shall not also be the Vice President, the Secretary, or an assistant Secretary of the Association.

5.02. Election of Officers. The officers of the Association are elected at the annual meeting of the Board of Directors by majority vote.

5.03. Term. The officers of the Association hold office for a term of one (1) year (subject to Section 5.04).

5.04. Removal of Officers. Any elected officer may be removed, with or without cause, by a majority vote of the directors at any annual, regular or special meeting of the Board, notice of which includes notice of the proposed removal.

5.05. Resignations. Any officer may resign his office at any time, in writing, which resignation shall take effect from the time of its receipt by the Association, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

5.06. Vacancies. A vacancy in any of the offices described in Section 5.01 shall be filled by the Board of Directors. The successor so chosen shall hold office for the unexpired portion of the term of the vacated office.

#### 5.07. President

A. The President shall preside at all meetings of the members and directors, shall have general and active

management authority over the business of the Association except that which is delegated, shall see that all orders and resolutions of the Board are carried into effect and shall execute bonds, mortgages and other contracts of the Association which bonds, mortgages and contracts shall also require the attestation of the Secretary.

B. The President shall supervise and direct all other officers of the Association and shall see that their duties are performed properly.

C. The President shall submit a report of the operations of the Association for the fiscal year to the Directors (whenever called for by them) and to the members at their annual meeting, and from time to time shall report to the Board all matters within his knowledge which the best interests of the Association may require be brought to their notice.

D. The President shall be an ex officio member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation as may be granted or limited from time to time by the Board.

5.08. The Vice President.

A. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act and shall exercise the powers and duties of the office of president. If both the President and the Vice President are absent or unable or refuse to act, the Board shall appoint a member of the Board to do so on an interim basis.

B. The Vice President shall exercise and discharge such other duties as may be required of him by the Board.

5.09. The Secretary. *See Amendment I*

A. The Secretary shall keep the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose and shall otherwise be the custodian of the Association's records.

B. The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as otherwise required by law.

C. The Secretary shall keep a register of the Post Office address of each member, which shall be furnished to the Secretary by such member.

D. In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

5.10. The Treasurer.

A. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors.

B. The Treasurer shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursement, and shall render to the President and Directors, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

C. The Treasurer shall keep detailed, accurate records in chronological order, of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members at convenient hours of week days.

D. The Treasurer may be required to give the Association a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association.

5.11. Assistant Secretaries and Assistant Treasurers. There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board may from time to time authorize. The Assistant Treasurers shall, if required by the Board, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The Assistant

Secretaries and Assistant Treasurers, in general, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the secretary or the treasurer, respectively, or by the President or the Board of Directors.

5.12. Other Assistants and Acting Officers. The Board shall have the power to appoint any person to act as assistant to any officers, or as agent for the corporation in his stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the board of directors shall have the power to perform all the duties of the office to which he is so appointed to be assistant, or as to which he is so appointed to act, except as such power may be otherwise defined or restricted by the Board.

## ARTICLE VI

### Assessments

6.01. Common Expenses. All expenditures for the operation, maintenance, repair and restoration of the Common Elements and for the operation of the Association are Common Expenses to be shared by the Unit Owners as set forth in the Declaration.

6.02. Regular Assessments. Regular assessments are those based upon the annual budget of the Condominium which shall be adopted by the Board of Directors and approved by the members.

- (1) Budget. The budget for the forthcoming year shall be adopted by the Board of Directors and distributed with the notice of the annual meeting of members. The members may approve or disapprove the budget in whole but may not amend it. If disapproved, the budget shall be returned to the Board of Directors for further consideration and a special meeting of the members shall be called to approve it before the beginning of the fiscal year.
- (2) Assessments. Once the budget is adopted, the Board shall allocate (as provided in the Declaration) to the Units their proportionate share and give notice of the amount due from each Unit which shall be

expressed both as an annual amount and in twelve (12) equal monthly installments. The monthly installments are delinquent if not paid before the fifth (5th) day of the month.

6.03. Special Assessments. If unbudgeted expenses for which no reserve has been created are incurred, the members shall hold a special meeting to determine whether to levy a special assessment to pay these expenses. The special assessment may be in such amount, due and payable at such time and on such terms as the members determine.

6.04. Collection. The Association has all powers given by law, the Declaration or these Bylaws to effect collection of the assessments hereunder.

6.05. Default. In the event a Unit Owner does not pay any sum, charge, or assessment required to be paid to the Association within thirty (30) days from the due date, the same shall constitute a lien on the interest of such Unit Owner as provided under the Wisconsin Condominium Ownership Act. Such lien may be foreclosed by suit by the Association in like manner as a mortgage of real property. The Association, acting on its own behalf or through its Board of Directors, may, unless prohibited by the Declaration, bid on the unit in foreclosure sale, and acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. Delinquent assessments shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

If the Association becomes the owner of a Unit by reason of foreclosure, it shall offer said Unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the Unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit. All monies remaining after deducting the foregoing items of expense shall be returned to the former owner of the Unit.

## ARTICLE VII

### Accounts; Finances

7.01. Accounts. The Association shall maintain such books and records and establish such financial accounts as required by law and as may be necessary accurately to reflect the condition and actions of the Association. Such books and records are open to inspection by all Unit Owners.

7.02. Audit. The Board of Directors may establish an audit committee to audit or cause to be audited the accounts of the Corporation. The membership of the committee shall include at least one Unit Owner who is not a director.

7.03. Checks. All checks, drafts and demands for money and all notes of the Association shall be signed by any one of the following officers: President, Vice President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. The Board of Directors by resolution may require more than one (1) signature.

## ARTICLE VIII

### Liability Of Officers

8.01. Exculpation. No director or officers of the Association, in his capacity as director or officer rather than as a Unit Owner, is liable for acts or defaults of any other director, officer or Unit Owner or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or negligence. Nothing contained in this Section exempts such director or officers from the liabilities and obligations of Unit Owners as provided by these Bylaws.

8.02. Indemnification. Every director and officers of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with the claim, action, suit proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his being or having been a director or officers of the Association (whether or not he is a director or officer at the time such costs, expenses

or liabilities are incurred), except in relation to matters as to which he shall be finally adjudged in such action, suit proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification is in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and inures to the benefit of the legal representatives of such person. The Association may insure its obligations under this Article. In the event of a settlement of such a claim, action, suit proceeding, investigation or inquiry of whatever nature (without a formal adjudication finding or result), the indemnification provided for herein shall only apply if the Board of Directors approves such settlement.

#### ARTICLE IX

##### Fiscal Year

9.01. Fiscal Year. The fiscal year of the Association begins on the first day of January in each year and ends on the 31st day of December of the same year.

#### ARTICLE X

##### Amendment

10.01. Amendment. Except as otherwise provided herein, these Bylaws may be amended from time to time by affirmative vote of at least sixty-seven percent (67%) of the members' votes at a meeting duly called for the purpose. Any portion of these Bylaws that merely reflect or give priority to the Declaration may not be amended unless the Declaration is similarly amended. Amendments required due to the expansion of the Condominium shall not be considered "Amendments" requiring approvals under this paragraph. Such expansion shall be at the discretion of the Declarant, and the Declarant shall have the authority to make any expansion of the Condominium.

ARTICLE XI

Seal

11.01. The Board of Directors may, if they deem advisable, adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the words "Corporate Seal".

ARTICLE XII

Application

12.01. Application. All Unit Owners, tenants of such owners, employees of owners and tenants, or any other persons that in any manner use the property or any part thereof shall be subject to the Wisconsin Condominium Ownership Act and to the Declaration, Articles of Incorporation and these Bylaws.

ARTICLE XIII

Interpretation

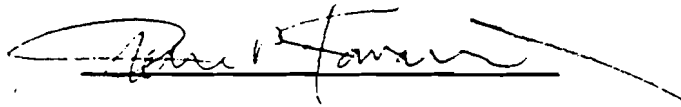
13.01. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect.

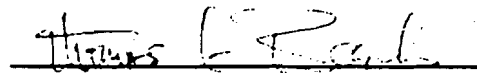
13.02. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws, or the intent of any provision thereof.

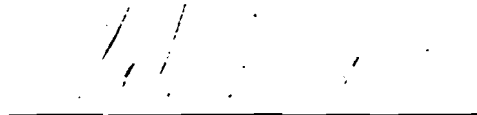
13.03. Gender; Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.



The foregoing Bylaws were duly adopted by the undersigned initial Board of Directors on the 31<sup>ST</sup> day of May, 1984.

  
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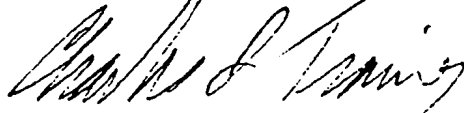
AMENDMENT I  
BYLAWS OF  
HIGHLAND WOODS CONDOMINIUM HOMES, INC.

Pursuant to Wis. Stat. §703.15(2)(c), Paragraph 25 of the Declaration of Condominium of Highland Woods Condominium Homes, and Article IV (4.02) of the Bylaws of Highland Woods Condominium Homes, Inc. Declarant hereby amends Section 5.09 A. of the Bylaws of Highland Woods Condominium Homes, Inc. by substituting the following in its entirety:

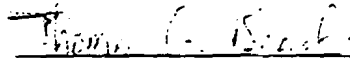
The Secretary shall count votes at meetings of the Association and Directors, keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose and shall otherwise be the custodian of the Association's records.

The foregoing Amendment to the Bylaws was duly adopted by the undersigned Declarant on the 26th day of September, 1984.

OLD MIDDLETON VENTURE  
a general partnership consisting  
of the following persons:



Charles I. Trainer, Partner

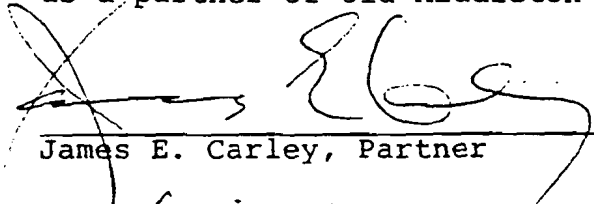


Thomas G. Beach, Partner

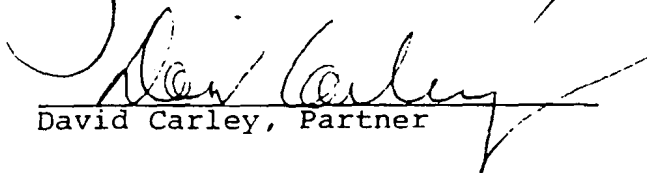


David G. Walsh, Partner

Carley Capital Group, a partnership  
as a partner of Old Middleton Venture



James E. Carley, Partner



David Carley, Partner