

BY-LAWS  
OF  
WESTHAVEN TRAILS COMMUNITY  
SERVICES ASSOCIATION, INC.

ARTICLE I  
Name, Membership, Applicability, and Definitions

Section 1.01 Name. The name of the Association shall be Westhaven Trails Community Services Association, Inc., (hereinafter sometimes referred to as the "Association").

Section 1.02 Membership. The Association shall have two (2) classes of membership, Class "A" and "B" as more fully set forth in the Declaration of Covenants, Conditions, and Restrictions for Westhaven Trails Community Services Association ("the Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 1.03 Definitions. The words used in the By-Laws shall have the same meaning as set forth in said Declaration unless the context shall prohibit.

ARTICLE II  
Association: Meetings, Quorum, Voting, Proxies

Section 2.01 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members in Madison, Wisconsin as may be designated by the Board of Directors.

Section 2.02 Annual Meetings. Annual meetings shall be set by the Board so as to occur no later than one hundred twenty (120) days after the close of each fiscal year, at an hour set by the Board of Directors.

Section 2.03 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least ten (10) percent of the total voting power of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.04 Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Residential Unit a notice of each annual or special meeting of the Association, stating the purpose of the

special meeting as well as the time and place where it is to be held; if an Owner wishes notice to be given at an address other than his or her Residential Unit, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than seven (7) nor more than forty-five (45) days before a meeting.

Section 2.05 Waiver of Notice. Waiver of notice of meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting is raised before the business, or which proper notice was not given, is put to a vote.

Section 2.06 Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days from the time the original meeting was called and not more than thirty (30) days. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, provided that at least five (5) percent of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken shall be approved by at least a majority of the members required to constitute a quorum.

Section 2.07 Voting. The voting rights of the members shall be as set forth in the Declaration and such voting rights provisions are specifically incorporated herein.

Section 2.08 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Residential Unit, or upon receipt of notice by the Secretary of

the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 2.09 Majority of Owners. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group, as the context may indicate, totalling more than fifty (50) percent of the total number.

Section 2.10 Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of ten (10) percent of the total Members (or, in the case of the Declarant, the total number of votes) shall constitute a quorum at all meetings of the Association. In the event a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the quorum required at the first meeting. In the event that a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-fifth (1/5) of the quorum required at the original meeting. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 2.11 Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat.

### ARTICLE III

#### Board of Directors: Number, Powers, Meetings

##### A. COMPOSITION AND SELECTION.

Section 3.01 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 3.02 the directors shall be members or spouses of members; provided, however, that no person and his or her spouse may serve on the Board at the same time.

Section 3.02 Directors During Declarant Control. Subject to the terms and conditions of Section 3.06 below, the Directors shall be selected by the Declarant so long as the Class "B" membership exists as set forth in the Declaration unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be owners or residents in Westhaven Trails. The names of the initial Directors selected by the Class "B" members are set forth in the Articles of Incorporation of the Association. After the period of Declarant appointment, all Directors must be members of the Association.

Section 3.03 Veto. Until the termination of the Class "B" membership, the Declarant shall have a veto power over all actions of the Board, as is more fully provided below. This veto power shall expire upon January 1, 1995 or when the total number of outstanding Class "A" votes equals or exceeds eight hundred fifty (850), whichever occurs first, unless earlier surrendered by the Declarant in writing. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of the meeting at which an action is to be taken by certified mail, return receipt requested or by personal delivery, at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies with Sections 3.09 and 3.10 of the By-Laws as to regular and special meetings of the Directors, and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting, if Declarant so desires, to join in, or to have its representatives or agents join in, discussion from the floor of any prospective action, policy, or program to be implemented by the Board. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the Association and/or of the Board. At such meeting, Declarant shall have, and is hereby granted, a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by said Board, the Association, or any individual member of the Association if Board approval is necessary for said member's action. Said veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to the terms and provisions hereof or in writing within ten (10) days of written notice of the proposed action. Any veto power shall not extend to the requiring of any action or counter-action on behalf of the Board or Association.

Section 3.04 Number of Directors. The number of Directors in the Association shall be no fewer than three (3) and more than five (5) as the Board of Directors may, from time to time, determine by resolution.

Section 3.05 Nomination of Directors. Except with respect to Directors appointed by the Declarant, nominations for election to

the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 3.06 Election and Term of Office. Notwithstanding any other provision contained herein:

(a) The initial Board shall consist of three (3) directors appointed by the Declarant.

(b) When the total number of Class "A" members (other than the Declarant) equals or exceeds two hundred (200), the Class "A" members shall be entitled to elect one (1) of the three (3) Directors. The Director so elected by the Class "A" members shall not be subject to removal except as provided in Section 3.07 below. The Declarant shall be entitled to appoint the remaining two (2) Directors.

(c) When the total number of Class "A" members (other than the Declarant) equals or exceeds four hundred (400), the Board shall be increased to five (5) Directors and the Class "A" members shall be entitled to elect two (2) of the five (5) Directors. The Directors so elected by the Class "A" members shall not be subject to removal except as provided in Section 3.07 below. The Declarant shall be entitled to appoint the remaining three (3) Directors.

(d) The Declarant, in its sole discretion, may call meetings earlier than required herein and/or may permit Class "A" members to elect more Directors than are otherwise required herein.

(e) At the first Annual Meeting of the membership following the termination of the Class "B" membership, and at each annual meeting of the membership thereafter, all of the Directors shall be elected by the Class "A" members. One (1) Director shall be elected from among and by each of the following two groups: members living in single family residences; and, members living in multi-family residences. All other Directors shall be elected at-large. The candidate receiving the majority of votes for each

Director position shall be elected. In the event that none of the candidates for a particular position receives a majority of votes on the first ballot, a run-off election shall be held between the top two (2) candidates. The initial terms of the Directors shall be fixed at the time of their election as they among themselves shall determine. Initially, the term of one (1) Director shall be fixed at one (1) year; the term of two (2) Directors shall be fixed at two (2) years; and the term of the remaining two (2) Directors shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 3.07 Removal of Directors. Directors elected by the Class "A" members may be removed from office prior to the expiration of their terms, with or without cause, by a majority vote of the Class "A" members in attendance at any properly noticed and duly held regular or special meeting of the Association. Any elected Director whose removal has been proposed by the Class "A" members shall be given at least ten (10) days advance written notice of the time, date and purpose of such meeting, together with an opportunity to be heard at the meeting. Directors appointed by the Declarant may be removed by the Declarant at any time, with or without cause, and without notice or an opportunity to be heard.

Section 3.08 Voting Procedure for Directors. Members of the Board of Directors shall be elected at regular or special meetings of the Association. At such elections, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Voting for Directors shall be conducted by secret written ballot.

#### B. MEETINGS.

Section 3.09 Organization Meeting. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board.

Section 3.10 Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors. Notice of the regular schedule shall constitute sufficient notice of such meeting.

Section 3.11 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President on his

own motion, when requested by the Vice President or Secretary of the Association, when requested by the Chairperson of the Board of Directors, or when requested by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) by written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least twenty-four (24) hours before the time set for the meeting.

Section 3.12 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before it or at its commencement about the lack of adequate notice.

Section 3.13 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.14 Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association.

Section 3.15 Conduct of Meetings. The Chairperson elected by the Board of Directors at its first meeting each year shall

preside over any and all meetings of the Board of Directors, and shall ensure that minutes are kept, recording all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (current edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration or these By-Laws.

Section 3.16 Open Meetings. Except as provided in Section 3.17, all meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Chairperson or by a majority of a quorum of the Board.

Section 3.17 Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature.

Section 3.18 Action Without A Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

#### C. POWERS AND DUTIES.

Section 3.19 Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one (1) of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have, by way of example and without limitation, the following powers and responsibilities:

(a) Preparation and adoption of an annual budget, in which there shall be established the contribution of each owner to the common expenses.



(b) Making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment.

(c) Providing for the operation, care, upkeep, and maintenance of all of the Areas of Common Responsibility.

(d) Designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties.

(e) Collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association.

(f) Making and amending rules and regulations.

(g) Opening bank accounts on behalf of the Association and designating the signatories required.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association.

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Association or its members and not directly chargeable to owners.

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the times and in a manner that shall be set and accounted by the Board

of Directors for the general knowledge of the members. All books and records shall be kept in accordance with generally accepted accounting principles.

Section 3.20 Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in Paragraphs (a), (b), (f), (g), and (i) of Section 3.19 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) If a manager or agent is hired, the following management standards of performance will be followed, unless the Board, by resolution, determines otherwise:

(i) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(ii) two or more persons shall be responsible for handling cash or its equivalent, in order to maintain adequate financial control procedures;

(iii) cash accounts of the Association shall not be commingled with any other accounts;

(iv) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(v) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(vi) a semi-annual or more frequent financial report, as may be determined by the Board, shall be prepared for the Association containing:

(1) an Income Statement reflecting all income and expense activity for the preceding six (6) months on an accrual basis;

(2) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding six (6) months;

(3) an Account Status Report reflecting the status of all accounts in an "actual" versus "projected" budget format;

(4) a Balance Sheet of an accounting date which is the last date of the month closest in time to six (6) months from the date of closing of the first sale of a unit in the project, and an operating statement for the period from the date of the first closing to the said accounting date, which shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivables identified by the numbers of the Residential Units and the name or names of the owners assessed;

(5) a Balance Sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year which shall be distributed within ninety (90) days after the close of a fiscal year to the board;

(6) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten (10) percent of a major budget category (as distinct from a specific line item in an expended chart of accounts); and

(7) a Delinquency Report listing all owners who have been delinquent during the preceding six (6) month period in paying their assessments and who remain delinquent at the time of the report, and describing the status of any action to collect such installments which remain delinquent.

Section 3.21 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common area and facilities without the approval of the members of the Association; provided, however, that the Board shall obtain membership approval in the same manner as for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Fifteen Thousand (\$15,000.00) Dollars outstanding debt at any one time.

Section 3.22 Rights of the Association. With respect to the Common Areas or other association responsibilities owned, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners' or residents' associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Directors of the Association.

Section 3.23 Assessment Obligations of Members. All Members are and shall be obliged to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association, to meet all expenses of the Association.

All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

(a) Maintenance and Repair. Every Member must perform promptly, at his, her, or its sole cost and expense, all maintenance and repair work within his, her or its privately owned lot or residential living unit, as required under the provisions of the Declaration. As further provided in the Declaration, all plans for exterior alterations and repair of Improvements in the Association's Property must receive the prior written consent of the Architectural Committee. The Architectural Committee may establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(b) Member Reimbursement For Damage. As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Association properties or other properties owned or controlled by the Association, which are damaged through or as a result of such Member's willful misconduct or negligence. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these By-Laws or the Declaration.

(c) Member Notice To Association Of Mortgagee. Every Member who mortgages his, her, or its privately owned site shall, upon demand, notify the Association through its Manager, or through its officers in the event there is no manager, of the name and address of such Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees Of Privately Owned Sites." Any such Member shall likewise notify the Association as to the release or discharge of any such Mortgagee.

(d) Notice To Members Of Unpaid Assessments. The Board of Directors of the Association shall, at the request of a Mortgagee of a Privately Owned Site, report any unpaid assessments due from the Owner of such site, in accordance with the provisions of the Association.

(e) Levy Of Assessments; Suspension Of Voting Rights. In addition to all other powers and duties, the Board of Directors shall have the right to levy assessments and to suspend voting and other rights of Members who violate the Declaration, these By-Laws, or such other rules and regulations as may be promulgated by the Board of Directors.

#### ARTICLE IV Officers

Section 4.01 Officers. The officers of the Association shall include a President, a Vice President, a Secretary, a Treasurer, and such other officers as shall be deemed desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. The President and Treasurer may be elected from among the members of the Board of Directors.

Section 4.02 Election, Terms of Office, and Vacancies. The Officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. Such officers may, but need not be elected from candidates nominated by the members at the annual meeting. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4.03 Removal. The officers shall serve at the pleasure of the Board of Directors, and may be removed by a majority vote of the Board of Directors present, a quorum being present, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 4.04 Powers And Duties. The Officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget, as provided for in the Declaration, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.05 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.06 Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, notes, mortgages and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 4.07 Nonliability and Indemnification. Except as provided herein, no right, power, or responsibility conferred on the Board, officers, agents, or employees of the Association by the Declaration, the Articles, or the By-Laws shall be construed as a duty, obligation or disability charged upon the Board, or such officers, agents, or employees of the Association. No such Person shall be liable to any other Person (other than the Association or a Person claiming in the name of the Association) for injuries or damages resulting from such person's acts or omissions within what such person reasonably believed to be the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damages result from such person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any other Person claiming in the name of the Association) for injuries or damages resulting from such Person's Official Acts, except to the extent that such injuries or damages result from such Person's negligence or willful or malicious misconduct.

Except to the extent covered by insurance, the Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person to impose liability on such Person for his Official Acts, provided that:

(1) The Board determines that such Person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association;

(2) In the case of a criminal proceeding, the Board determines that such Person had no reasonable cause to believe his conduct was unlawful; and

(3) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an

ordinary prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section 4.07 must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote of a majority of a quorum of the Members of the Association voting at a meeting of the Association called for such purpose, provided that the Person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section 4.07 shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law. The entitlement to indemnification hereunder shall inure to the benefit of the estate, personal representative, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

Section 4.08 Execution of Documents. The Board of Directors except as in these By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

#### ARTICLE V Committees

Section 5.01 General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 5.02 Architectural Committee. The Architectural Committee shall be established, selected, and operate in the manner specified in the Declaration. All provisions relating to the duties, responsibilities, function and operation of the Architectural Committee that are set forth in the Declaration are hereby incorporated by reference herein.

ARTICLE VI  
Miscellaneous

Section 6.01 Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 6.02 Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Wisconsin law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 6.03 Conflicts. If there are conflicts or inconsistencies between the provisions of Wisconsin law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Wisconsin law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 6.04 Books and Records.

(a) Inspection by Members. The membership register, books of account, and minutes of meetings of the Members, of the Board, and of committees shall be made available for inspection and copying by any Member of the Association, or by his, her, or its duly appointed representative, at any reasonable time and for a purpose reasonably related to his, her, or its interest as a Member, at the office of the Association or at such other place as the Board shall prescribe.

(b) Membership Book. The Association shall keep and maintain in its office for the transaction of business a membership book containing the names and addresses of each Member. Termination or transfer of any Membership shall be recorded in the book, together with the date on which the Membership ceased or was transferred, in accordance with the provisions of the Declaration.

(c) Rules for Inspection. The Board may establish reasonable rules with respect to:

(1) Notice to be given to the custodian of the records by the member desiring to make the inspection;

(2) Hours and days of the week when such an inspection may be made; and

(3) Payment of the cost of reproducing copies of documents requested by a member.

(d) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical



properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 6.05 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by first class mail, first class postage prepaid:

(a) If to a Member, to the address which the Member has designated in writing and filed with the Secretary, or if no such address has been designated, to the address of the Residential Unit of such owner; or

(b) If to the Association, the Board of Directors, or the Managing Agent, to the principal office of the Association or the Managing Agent, if any, or to such other address as shall be designated by the notice in writing to the owners pursuant to this section.

Section 6.06 Audit. A financial statement or report concerning the accounts of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, that after having received the Board's financial statement or report at the annual meeting, the Members, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant. Upon written request of any institutional holder of a first mortgage, such holder shall be entitled to receive a copy of the annual financial statement or report within one hundred twenty (120) days after the end of each fiscal year.

Section 6.07 Amendment/Repeal. These By-Laws may be amended or repealed either by a vote of sixty (60) percent or more of the Board of Directors or by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association, which shall include a majority of the votes of members other than the Declarant, or, where the two (2) class voting structure is still in effect, shall include a majority of each class of members. So long as the Class "B" membership exists, however, the Declarant may, without vote of the Class "A" members, amend these By-Laws as long as the substantive rights of the existing Members are not adversely affected.

Adopted by Unanimous vote of the Board of Directors on September 5, 1990.

1/ja(T8):W-BY-C