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BY- LAWS

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REVISED MAY, 2001

BY-LAWS OF
TOP OF THE HILL CONDOMINIUM

ARTICLE I

Plan of Unit Ownership

Section 1. Condominium Unit Ownership. The property located in Door County, Wisconsin (the "property") known as Top of the Hill Condominium has been submitted to the provisions of the Wisconsin Condominium Ownership Act by a Declaration of Condominium (the "Declaration") recorded in the office of the Register of Deeds for Door County, Wisconsin.

Section 2. Applicability of By-Laws and Definitions. These By-laws are adopted as the **By-laws of Top of the Hill Condominium Owners Association, Inc.** (the "Association"), a Wisconsin corporation organized under the Wisconsin Nonstock Corporation Law to serve as an association of unit owners under the Wisconsin Condominium Ownership Act, Chapter 703, Wis. Stats. The provisions of these By-laws are applicable to the property and any other real estate, which becomes subject to the jurisdiction of the Association and to the use and occupancy thereof. The term "property" and other terms used herein shall, unless the context or the Declaration requires otherwise, have the same meaning as the definitions contained in Section 703.02, Wis. Stats.

Section 3. Office and Mailing Address. The office and mailing address of the Association and of the Board of Directors of the Association (the "Board of Directors") shall be located at 9341 Spring Road, P. O. Box 354, Fish Creek, WI 54212.

Section 4. Fiscal Year. The Association shall operate on a fiscal year basis beginning April 1st and ending March 31st of each year.

ARTICLE II

Board of Directors

Section 1. Number and Qualification. The affairs of the Association and of the property shall be governed by the Board of Directors. The Board of Directors shall be composed of three *five* (3) persons, all of whom shall be owners of units, or in the case of partnership owners shall be members or employees of such partnership, or in the case of corporate owners, shall be officers, shareholders, or employees of such corporations, or in the case of fiduciary owners shall be fiduciaries, or officers or employees of such fiduciaries. *or up to 2 retired shareholders*

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties

necessary for the administration of the affairs of the Association and of the Property, except such powers and duties as by law or by the Declaration or by these By-laws may not be delegated to the Board of Directors by the unit owners. The Board of Directors shall have full powers and authority necessary for or desirable for the complete enforcement and administration of the Property and the provisions of the Wisconsin Condominium Ownership Act, the Declaration, these By-laws and rules and regulations hereunder.

Section 3. Managing Agent or Manager. The Board of Directors may employ for the Property a managing agent or manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize.

Section 4. Election and Term of Office. At the first annual meeting of the unit owners, the term of office of one member of the Board of Directors shall be fixed at three years, the term of office of one member of the Board of Directors shall be fixed at two years, and the term of office of one member of the Board of Directors shall be fixed at one year. At the expiration of the initial term of office of each member of the Board of Directors, his successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors have been elected by the unit owners.

Section 5. Removal of Members of the Board of Directors. At any regular or special meeting of unit owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the authorized votes of all unit owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a Board member thereof by a vote of the unit owners, shall be filled by a majority vote of the directors at a special meeting of the Board of Directors called for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. The person so elected to fill the vacancy shall serve as a member of the Board of Directors only until a successor shall be elected by the unit owners at their next annual meeting to fill the unexpired term.

Section 7. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the unit owners shall be held within ten days thereafter. No notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, at least four days prior to the time of such meeting if by mail or at least 48 hours prior to the time of such meeting if by telephone, facsimile or E-mail.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on 48 hours notice to each member of the Board of Directors given by telephone, facsimile or E-mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may also be called by the Secretary in like manner and on like notice, or by the written request of at least two members of the Board of Directors.

Section 10. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any 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 12. Fidelity Bonds. The Board of Directors may, in its discretion, obtain fidelity bonds for all officers and employees of the Property handling or responsible for funds. The premiums on such bonds shall constitute a common expense.

Section 13. Compensation. No member of the Board of Directors shall receive any compensation from the Association, or any other source, for acting as such.

Section 14. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, failure to adhere to the provisions of the Declaration or these By-laws, negligence or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of the unit owners arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be shared equally by all of the unit owners, and the liability of any single unit owner shall be limited to such equal proportionate share of the total liability. The Board of Directors shall obtain officers and directors errors and omissions insurance with limits acceptable to said Board of Directors, the premiums therefor to be paid for as a common expense.

Section 15. Informal Action. Any action which is required to be taken or that which may

be taken at a meeting of the Board of Directors may also be taken without calling a meeting. However, a written consent stating the action so taken shall be executed by all directors who are entitled to vote. The signed consent shall have the same force and effect as a unanimous consent vote by all directors.

ARTICLE III

Unit Owners

Section 1. Annual Meeting. The annual meeting of the unit owners shall be held in May of each succeeding year. At such meetings, the Board of Directors shall be elected by ballot of the unit owners in accordance with the requirements of Section 4, Article II of these By-laws. The unit owners may transact such other business at such meetings as may properly come before them.

Section 2. Place of Meetings. Meetings of the unit owners shall be held at the principal office of the Association or at such other suitable place convenient to the unit owners as may be designated by the Board of Directors.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the unit owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by unit owners having 25% of the total authorized votes of all unit owners. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. The Secretary shall mail to each unit owner of record or cause to be delivered to each unit owner a notice of each annual or special meeting of the unit owners, at least ten but not more than twenty days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, at the address of his unit or at such other address as such unit owner shall have designated by notice in writing to the Secretary.

Section 5. Adjournment of Meetings. Any meeting of unit owners at which a quorum has or has not attended may be adjourned at the option of the unit owners by vote of a majority of the authorized votes of the unit owners who are present, either in person or by proxy, at such meeting.

Section 6. Title to Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants, in the name of a corporation or partnership, or in the name of a fiduciary.

Section 7. Voting. Each unit owner shall furnish the Association with his name and current mailing address. No unit owner may vote at meetings of the Association until this information is furnished. The owner or owners of each unit, or some person designated by such

owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the vote appurtenant to such unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any such proxy shall be effective only for a maximum period of 180 days following its issuance unless granted to a mortgagee, land contract vendor or lessee of a unit. Each unit owner shall be entitled to cast the number of votes to which said unit is entitled as set forth in the Declaration. Where ownership is in the name of two or more persons, the vote appurtenant to their unit may be cast by any one joint owner; provided, however, that if any joint owner protests promptly the casting of such vote to the person presiding over the meeting or files a written statement with the Secretary stating that thereafter the vote must be cast prorata in accordance with each joint owner's interest in the unit, then such vote shall thereafter be cast prorata by all joint owners in accordance with their interests in the unit. Where a unit is leased, the lessor shall be entitled to vote the vote appurtenant to said unit (where there are two or more lessors, they shall be considered joint owners). Where a unit has been sold under a land contract, the land contract vendee shall be entitled to vote the vote appurtenant to said unit (where there are two or more vendees, they shall be considered joint owners). Notwithstanding the provisions of this section, if the Association has recorded a statement of condominium lien on a unit and the amount necessary to release the lien has not been paid at the time of the meeting, such unit owner may not vote at the meeting.

Section 8. Majority of Unit Owners. As used in these By-laws, the term "majority of unit owners" shall mean those unit owners having more than 50% of the authorized votes of all unit owners present in person or by proxy and voting at any meeting of the unit owners, determined in accordance with the provisions of Section 7 of this Article III.

Section 9. Quorum. Except as otherwise provided in these By-laws, the presence in person or by proxy of unit owners having 25% of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

Section 10. Majority Vote. The vote of a majority of the votes entitled to be cast by the unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes except where a higher percentage vote is required by law, by the Declaration or by these By-laws.

Section 11. Action by Unanimous Consent. Any action required to be taken or which may be taken at a meeting of unit owners may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all unit owners entitled to vote thereon. The signature required in each instance shall be that person who is then entitled to cast the vote for a unit. All such consent action shall have the same force and effect as a unanimous vote.

Section 12. Membership.

(a) All unit owners shall be members of the Association. The foregoing is not intended to include persons who hold an interest in a unit merely as security for the performance of an obligation. Land contract vendors shall not be members; land contract vendees shall be members. Membership shall be appurtenant to and may not be separated from ownership of any

unit.

(b) Initial membership in the Association shall be established by the recording of the Declaration in the office of the Register of Deeds for Door County, Wisconsin. Transfer of membership in the Association shall be established by the recording in the office of the Register of Deeds for Door County of a deed or other instrument establishing a change of record title to a unit or the recording in said office of a land contract. A certified copy of such instrument or land contract shall be delivered to the Association by the transferee or vendee. The transferee designated by such instrument or the vendee shall thereby become a member of the Association and the membership of the prior owner or vendor shall thereby be terminated. Until such delivery the transferee or vendee shall not be entitled to vote as a member of the Association and shall not be entitled to notice of meetings of unit owners. The Association shall maintain a current roster of names and addresses of every unit owner to whom notice of meetings of the Association must be sent.

Section 13. Committees. The Board of Directors may, in its discretion, appoint various committees consisting of unit owners for the purpose of assisting in the management of the Property for the Association provided that such committee shall not be delegated or have the power to take any action which is reserved to either the Board of Directors or the unit owners according to these By-laws, the Articles of Incorporation of the Association, the Declaration of Condominium or any statute or other law relating to the Condominium.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President must be a member of the Board of Directors.

Section 2. Election of Officers. Officers shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a stock corporation organized under the Wisconsin Business Corporation Law, including but not

limited to the power to appoint from among the unit owners any committee which he decides is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the unit owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a stock corporation organized under the Wisconsin Business Corporation Law. The Secretary shall count the votes at meetings of the Association.

Section 6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a stock corporation organized under the Wisconsin Business Corporation Law.

Section 7. Agreements, Contracts, Deeds, Leases, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association may be executed by the President of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association, or any other source, for acting as such.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Property, determine the amount of the common expenses for the forthcoming year and allocate and assess such common expenses against the unit owners according to their respective undivided percentage interests in the common elements. The assessment for common expenses for the entire year shall be effective as of April 1st of each year but shall be payable at such time or times as the Board of Directors shall determine. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of Section 2 of Article V. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including without limitation an amount for working capital, for a general operating reserve, for a reserve fund for replacement, and for making up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Board of Directors or its designee, corporate or otherwise, on behalf of all unit owners, of any unit or building site whose

owner has elected to sell or lease such unit or sell such building site or of any unit which is to be sold as a foreclosure or other judicial sale. The Board of Directors shall advise each unit owner in writing of the amount of common expenses payable by him, and shall furnish copies to all unit owners of each budget on which such common expenses are based.

Section 2. Insurance. The Association shall be required to obtain and maintain, to the extent obtainable, fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all buildings (including all of the units and the bathroom fixtures installed therein, but not including furniture, furnishings or other personal property supplied or installed by unit owners), together with all air-conditioning equipment, if any, and other service machinery contained therein, and all limited common elements; such insurance shall cover the Property and shall name as insureds the Association, and all unit owners and their mortgagees, as their interests may appear, in an amount equal to not less than the replacement value of the buildings, without deduction for depreciation. Each policy shall provide that proceeds shall be payable to the Association as trustee for all unit owners and their mortgagees or land contract vendors as their interests may appear.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on coinsurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least ten days prior written notice to the Association. Prior to obtaining any policy of fire insurance or any renewal thereof, the Association shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the building including all of the units and all of the common and limited common elements without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this section.

The Association shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Association may from time to time determine, covering each member of the Board of Directors, the managing agent, the manager, and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board of Directors shall review such limits once each year. Public liability insurance shall be in a single limit of at least \$1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence. The Association may obtain and maintain worker's compensation insurance to the extent necessary to comply with any applicable laws.

Unit owners or their mortgagees or land contract vendors shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation, that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any additional insurance, and that all reasonable efforts shall be made to place such additional insurance with the carrier issuing insurance obtained by the Association. The insurance obtained by the Association will not cover the contents of units or public liability claims arising out of occurrences happening within the boundaries of the units.

Section 3. Repair and Reconstruction After Damage.

(a) In the event any damage to or destruction of the Property in the amount of \$25,000 or less whether or not the insurance proceeds, if any, are sufficient to complete repair or reconstruction, the Board of Directors is authorized to and shall arrange for the prompt repair and reconstruction (including any damaged units, and any bathroom fixtures, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed by the unit owners in the units), and the Board of Directors shall disburse any insurance proceeds to the contractors engaged in such repair and reconstruction in appropriate progress payments. Any cost of such repair and reconstruction in excess of the insurance proceeds shall be a common expense and the Board of Directors may assess all the unit owners for such deficit as part of the common expenses.

By acceptance of the deed to his unit, each unit owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 11, Article III of these By-laws and shall constitute the determination by the unit owners and the Association to repair or reconstruct as required by the Wisconsin Condominium Ownership Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the unit owners, then the affirmative vote of one unit owner shall be sufficient to determine to repair or reconstruct.

(b) In the event the Property is destroyed or damaged in an amount in excess of \$25,000 and insurance proceeds, if any, are insufficient to complete repair or reconstruction, the Association by vote of a majority of unit owners shall determine within 90 days after such damage or destruction, whether to proceed with repair or reconstruction. If the Association determines to repair or reconstruct, the Board of Directors shall arrange for such repair or reconstruction in accordance with the preceding paragraph of this section. If the Association, within 90 days after such damage or destruction in excess of \$15,000 and insurance proceeds fails to make a determination of whether to repair or reconstruct, the Property shall be subject to an action for partition at the suit of any unit owner upon his obtaining the written consent of those unit owners having 75% or more of the total authorized votes of all unit owners, however, by acceptance of the deed to his unit, each unit owner shall be deemed to have consented to an action for partition in accordance with the foregoing provisions, and it shall not be necessary for any unit owner to resolicit such consent prior to the commencement of such action.

(c) In the event the Property is destroyed or damaged in an amount in excess of \$25,000 and insurance proceeds, if any, are sufficient to complete repair or reconstruction, the Board of Directors is authorized and shall arrange for such repair or reconstruction in accordance with paragraph (a) of Section 3, Article V.

By acceptance of the deed to his unit, each unit owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 11, Article III of these By-laws and shall constitute the determination by the unit owners and the Association to repair or reconstruct as required by the Wisconsin Condominium

Ownership Act. In the case of partition and sale the net proceeds of sale, together with the net insurance proceeds, shall be divided by the Board of Directors among all the unit owners in proportion to their respective undivided percentage interests in the common elements, after first paying out an amount equal to the insured value of the unit to the unit owner and after first paying out of the share of each unit owner, to the extent sufficient for the purpose, all liens on the unit and the undivided percentage interest in the common elements owned by each unit owner.

Section 4. Payment of Common Expenses. All unit owners shall be obliged to pay the common expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article at such time or times as the Board of Directors shall determine. A late charge of \$20.00 will be incurred by a unit owner if any balance in common expenses remains unpaid 15 days after the due date, and after 30 days past due interest shall accrue at the rate of 18% per annum on any outstanding balance until paid in full.

No unit owner shall be liable for the payment of any part of the common expenses assessed against his unit subsequent to a sale, transfer or other conveyance by him thereof (made in accordance with the provisions of Section I, Article VII of these By-laws). A purchaser of a unit shall be liable for the payment of common expenses assessed against such unit prior to the acquisition by him of such unit except that if the Association or Board of Directors furnishes a statement pursuant to Section 703.15 of the Wisconsin Unit Ownership Act, such liability shall be limited to the amount set forth therein.

Each unit owner shall be obliged to pay common expenses hereunder notwithstanding the fact that he may have a pending dispute with the Association or the Board of Directors on any matter.

Section 5. Collection of Assessments. The Board of Directors shall assess common expenses against the unit owners from time to time and at least annually and shall take prompt action to collect from a unit owner any assessment due which remains unpaid by him for more than 30 days from the due date for its payment.

Section 6. Default in Payment of Common Expenses. In the event of default by any unit owner in paying to the Board of Directors the assessed common expenses, such unit owner shall be obligated to pay interest at the highest rate permitted by law per year on such common expenses from the due date thereof, together with all expenses, including attorney's fees incurred by the Board of Directors in any proceeding brought to collect such unpaid common expenses. The Board of Directors shall have the right and duty to attempt to recover such common expenses, together with interest thereon, and the expenses of the proceedings, including attorney's fees, in an action brought against such unit owner, or by foreclosure of the lien on such unit granted by Section 703.16 of the Wisconsin Condominium Ownership Act.

Section 7. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Board of Directors to foreclose a lien on a unit because of unpaid common expenses, the unit owner shall be required to pay a reasonable rental for the use of his unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. The

Association or the Board of Directors acting on behalf of all unit owners, shall have power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same after such purchase. A suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

Section 8. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner, who makes a request in writing, with a written statement of his unpaid common expenses. The statement shall be deemed correct and binding upon the Association when signed by any one of its three principal officers.

Section 9. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted by the Board of Directors, or the breach of any By-law contained herein, or the breach of any provisions of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these By-laws: (a) To enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure or thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy such thing or condition by appropriate legal proceedings.

Section 10. Legal Fees, Costs and Expenses. In the event that the Association incurs legal fees, costs, and expenses in the enforcement of the Declaration, the By-Laws, or the Rules and Regulations of the Association, then the unit owner whose actions have caused the Association to seek legal action in the enforcement of the aforesaid Condominium documents shall be responsible for the actual attorney's fees, costs and expenses incurred by the Association in the enforcement of the provisions of the aforesaid Condominium documents. The Association shall have the right to specially assess said unit owner's unit for such attorney's fees, costs, and expenses and the Association shall further have the right to file a lien against said unit for any such unpaid assessments under Wisconsin Statutes Section 703.16.

Section 11. Maintenance and Repair.

(a) All maintenance of and repairs to any unit (including replacement of window panes and glass doors, if any), structural or nonstructural, ordinary or extraordinary shall be made by the owner of such unit. Each unit owner shall be responsible for all damages to any other unit and to the common and limited common elements resulting from his negligence, misuse, misconduct or neglect.

(b) All maintenance, repairs and replacements to the common and limited common elements (unless necessitated by the negligence, misuse, misconduct or neglect of a unit owner, in which case such expense will be charged to such unit owner) shall be made by the Board of Directors and be charged to all the unit owners as a common expense.

Section 12. Use of Property. In order to provide for congenial occupancy of the Property and for the protection of the values of the units, the use of the Property shall be subject to the

following limitations:

- (a) The commercial units as designated in the Declaration shall be used only for commercial purposes.
- (b) The residential units as designated in the Declaration shall be used only for residential purposes.
- (c) The common and limited common elements shall be used only for the purposes for which they are reasonably suited and which are incidental to the use and occupancy of units.
- (d) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.
- (e) No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be complied with. Such compliance shall be accomplished at the sole expense of the unit owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.
- (f) A unit owner shall not place any furniture, packages or objects in common elements.
- (g) A minimum temperature of not less than 50 degrees shall be maintained in certain units as required by Section 18 of the Declaration. Any unit owner who fails to comply with this provision shall be liable to the Association and to other owners for resulting damages and expenses.

Section 13. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the common and limited elements shall require additions, alterations or improvements costing in excess of \$2,000 and making of such additions, alterations or improvements shall have been approved by a majority of all votes eligible to be cast by unit owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all unit owners for the cost thereof as a common expense. Any nonbudgeted additions, alterations or improvements costing \$3,000 or less, with a \$6,000 cap per year, may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expense.

Section 14. Structural Additions, Alterations or Improvements by Unit Owners. A unit owner may make additions, improvements or alterations within his unit which do not impair the structural integrity or lessen the support of any portion of the Property. No unit owner shall make any change in, nor affix anything to, the exterior of his unit or of any portion of the Property. The Board of Directors shall not be liable to any contractor, subcontractor or materialman or to any person sustaining personal injury or property damage, for any claim arising in connection with such additions, alterations or improvements.

Section 15. Rules of Conduct: Rules and regulations concerning the use of the units and the common and limited elements may be promulgated and amended by the Board of Directors on behalf of the Association. Owners wishing to propose a change should notify the Board of Directors in writing prior to the annual meeting.

Section 16. Electricity. Electricity required to service the common elements is supplied by the public utility company serving the area. The Board of Directors shall pay the bills for such electricity consumed or used in or in connection with the common elements as a common expense. Electricity is separately metered for each unit; each unit owner shall pay the bills for electricity consumed or used in or in connection with his unit.

Section 17. Right of Access. A unit owner shall grant a right of access to his unit to the manager, the managing agent, and any other person authorized by the Board of Directors, the manager or the managing agent to make inspections, to correct any condition originating in his unit and threatening another unit or the common or limited common elements, to install, alter or repair mechanical or electrical services or other common or limited common elements in his unit or elsewhere in the building, and to correct any condition which violates the provisions of any mortgage covering another unit. Requests for such entry shall be made in advance and such entry shall be scheduled for a time reasonably convenient to the unit owner. However, in case of an emergency, such right of entry shall be immediate, whether the unit owner is present at the time or not.

ARTICLE VI

Mortgages

Section 1. Mortgage of Units. Each unit may be separately mortgaged.

Section 2. Notice to Board of Directors. A unit owner who mortgages his unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in book entitled "Mortgages of Units".

Section 3. Notice of Unpaid Common Expenses. The Board of Directors whenever so requested in writing by a mortgagee of a unit, shall promptly report any then unpaid common expenses or other default by the owner of the mortgaged unit.

Section 4. Notice of Default. The Board of Directors, when giving notice to a unit owner of a default in paying common expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such unit whose name and address has theretofore been furnished to the Board of Directors.

Section 5. Examination of Books. Each unit owner and each mortgagee of a unit shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once a month.

Section 6. Land Contracts. For purposes of this Article VI and elsewhere in these By-laws, land contract vendors and vendees shall have the same rights as mortgagees and mortgagors, respectively.

ARTICLE VII

Sales and Leases of Units

Section 1. Sales and Leases. Unit owners may sell or lease their units or any interest therein provided the provisions of this Article are complied with. A unit owner's sale of his unit shall include the sale of (a) the undivided percentage interest in the common and limited common elements appurtenant thereto; (b) the interest of such unit owner in any units theretofore acquired by the Association, or its designee, on behalf of all unit owners, or the proceeds of the sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the Association ((a), (b) and (c) hereinafter collectively called the "appurtenant interests"). The lease of units may be subject to the restrictions on occupancy of the residential units as set forth in the Declaration.

Section 2. No Severance of Ownership. No unit owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any unit may be sold, transferred or otherwise disposed of, except as a part of a sale, transfer or other disposition of the unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant interests of all units.

Section 3. Right of First Refusal on Conveyance or Other Disposition. No unit owner shall at any time sell, convey, contract to sell, or devise his unit, whether by operation of law or otherwise, without first complying with the provisions hereinafter contained in this Section 3. No such sale, conveyance, contract of sale, devise, gift shall be made unless the Association is given no less than fifteen (15) days prior written notice of the terms thereof, together with the name and address of the proposed purchaser, vendee, donee, or devisee.

The Association, acting through its Board of Directors, shall at all times have the first right and option to purchase or lease such unit upon the same terms as those upon which it is offered, which option shall be exercisable for a period of fifteen (15) days following the date of receipt of notice. If the option is not exercised by the Association within fifteen (15) days, the owner may, at the expiration of said fifteen (15) days period and at any time within sixty (60) days after the expiration of said period, sell such unit to the proposed purchaser named in such notice upon the terms specified therein.

In the event that the unit owner shall desire to dispose of his unit by gift or devise to other than his lawful spouse or his heirs at law under the laws of the State of Wisconsin, said unit owner or his personal representative shall give the Association written notice thereof no less than thirty (30) days prior to the time of proposed transfer, which shall include the name and address of the proposed donee or devisee. The Association shall have the right and option to purchase such unit at the fair market value at the time of transfer, to be determined by a panel of three (3) qualified appraisers, one of which shall be selected by the unit owner or his legal representative, one by the Association, and the third by the two so selected, provided that the Association shall notify the unit owner or his personal representative of its intent to exercise such right and option within thirty (30) days after the receipt of notice from the owner or his personal representative as provided herein.

The Association may bid upon and purchase any unit which becomes the subject of a foreclosure action or tax sale, or is involved in an action in bankruptcy, or which becomes available for purchase for any reason whatever, whether by operation of law or otherwise.

The Board of Directors of the Association shall not exercise any of the options herein set forth to purchase any unit without the prior consent of unit owners holding at least seventy-five percent (75%) of the votes entitled to be cast at any meeting duly called to consider such action. However, if the Board of Directors determines not to exercise such an option, no membership vote shall be required.

Unit ownership or interests therein acquired pursuant to the terms of this paragraph shall be held of record in the name of the Association, or such nominee as it shall designate, for the benefit of all of the owners. Said unit ownership or interest therein shall be sold or leased by the Association for the benefit of the owners. All proceeds of such sale or leasing, after repayment of borrowed funds and special assessments levied for such purposes, shall be deposited in such funds as the Association may establish and may thereafter be disbursed at such time and in such manner as the Association shall determine.

Section 4. Financing of Purchase of Units by Association. Acquisition of units by the Association or its designee, on behalf of all unit owners, may be made from the working capital and assessments for common expenses in the hands of the Board of Directors, or if such funds are insufficient, the Association may borrow money to finance the acquisition of such unit; provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the unit so to be acquired by the Association. Title to any real or personal property acquired by the Association shall be taken in the name of the Association. The Association shall act to borrow money, and acquire and convey property in the same manner as corporations formed under Chapter 181, Wisconsin Statutes. The Association shall have the authority to purchase other real estate in addition to the units referred to herein.

Section 5. Waiver of Right of Partition With Respect to Units Acquired by Association. In the event that a unit shall be acquired by the Association or its designee, on behalf of all unit owners as tenants in common, all such units owners shall be deemed to have waived all rights of partition with respect to such unit.

Section 6. Rental. Unit owners may rent their units by written lease to whomever and on whatever terms and conditions as they so desire provided the Association is given notice of the name and permanent address of the tenants and further provided that the lease specifically obligates the tenant to abide by the Declaration, these By-laws and rules and regulations promulgated thereunder.

Section 7. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his unit unless and until he shall have paid in full to the Association all unpaid common expenses theretofore assessed by the Board of Directors against his unit.

ARTICLE VIII

Condemnation

Section 1. Common Elements. In the event of a taking in condemnation or by eminent domain of part or all of the common elements of the Property exclusive of any of the units, the award made for such taking shall be payable to the Association. The Association shall promptly undertake to restore the common elements. The proceeds of the award shall be disbursed to effect such restoration and any costs in excess of the award shall be a common expense. The Board of Directors shall effect such restoration in accordance with paragraph (a) of Section 3, Article V of these By-laws.

Section 2. Units. In the event of a taking in condemnation or by eminent domain of any of the units exclusive of the common elements or of any of the units and a portion of the common elements, the Association by vote of a majority of the votes entitled to be cast by the unit owners of the Condominium within 90 days of payment of the award (or other payment if conveyed in lieu of such taking) shall determine whether to proceed with repair or reconstruction. If the Association determines to repair or reconstruct, the Board of Directors shall effect such repair or reconstruction in accordance with paragraph (a) of Section 3, Article V of these By-laws. Any cost of repair or reconstruction in excess of the award shall be a common expense. If the Association determines not to repair or reconstruct or fails to vote within said 90 day period, the entire net proceeds shall be disbursed to those unit owners whose units have been taken in proportion to the percentage of interest in the common elements appertaining to their respective units. If any such unit owner is in default in paying common expenses, the amount of said common expenses shall be deducted from his share of the proceeds. Upon receipt of his share of the proceeds, each unit owner shall execute a release, in form satisfactory to the Association, of their undivided percentage interest in the common elements and shall thereafter no longer be considered a unit owner. The interests of the remaining unit owners in the common elements shall be recomputed by the Board of Directors, whose decision shall be final, to reflect said releases.

ARTICLE IX

Records

Section 1. Records and Audits. The Board of Directors or the managing agent shall keep detailed records of the actions of the Association and the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the unit owners, and financial records, and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account of each unit which, among other things, shall contain the amount of each assessment of common expenses against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Directors to all unit owners at least annually.

ARTICLE X

Miscellaneous

Section 1. Notices. All notices to the Board of Directors or the Association shall be sent by registered or certified mail, c/o the managing agent, or if there is no managing agent, to the office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. Except when delivered in person, all notices to any unit owner shall be mailed or hand delivered to his unit or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of units shall be mailed or hand delivered to their respective addresses, as designated by the unit owners to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received. Notices to the unit owners or their mortgagees need not be mailed by registered mail or certified mail.

Section 2. Invalidity. The invalidity of any part of these By-laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-laws.

Section 3. 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 By-laws or the intent of any provisions thereof.

Section 4. Gender. The use of the masculine gender 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.

Section 5. Waiver. No restriction, condition, obligation or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 6. Conflicts. These By-laws are set forth to comply with the requirements of the Wisconsin Condominium Ownership Act. In case any of these By-laws conflict with the

provisions of such Act, the provisions of such Act shall control. In case any of these By-laws conflict with the provisions of the Declaration, the Declaration shall control.

ARTICLE XI

Amendment to By-laws

Section 1. Amendments to By-laws. These By-laws may be modified or amended by vote of at least 67% of the authorized votes of all unit owners, such vote to be taken at a meeting of unit owners duly held for such purpose.

AMENDMENT TO BY-LAWS OF
TOP OF THE HILL CONDOMINIUM

The undersigned, being the duly elected President and Secretary of the Top of the Hill Condominium Owner's Association, Inc., certify that the following Amendment to Article V of the By-Laws of Top of the Hill Condominium was consented to in writing by all of the unit owners of Top of the Hill Condominium.

ARTICLE V

Section 9.1 In the event that the Association incurs legal fees, costs, and expenses in the enforcement of the Declaration, the By-Laws, or the Rules and Regulations of the Association, then the unit owner whose actions have caused the Association to seek legal action in the enforcement of the aforesaid Condominium documents shall be responsible for the actual attorney's fees, costs, and expenses incurred by the Association in the enforcement of the provisions of the aforesaid Condominium documents. The Association shall have the right to specially assess said unit owner's unit for such attorney's fees, costs, and expenses and the Association shall further have the right to file a lien against said unit for any such unpaid assessments under Wisconsin Statutes Section 703.16.

Dated this 30th day of June, 1992.

TOP OF THE HILL CONDOMINIUM
OWNER'S ASSOCIATION, INC.

By: *Robert A. Shank*
President

By: *Elizabeth Maltman*
Secretary

**AMENDMENT TO BY-LAWS AS REVISED MAY, 2001
OF
TOP OF THE HILL CONDOMINIUM**

The undersigned, being the duly elected President and Secretary of Top of the Hill Condominium Owners Association, certify that the following Amendment to the By-Laws of Top of the Hill Condominium was consented to by unanimous vote in writing constituting more than 67% of the unit owners of Top of the Hill Condominium Owners Association at their Annual Meeting held on May 9, 2002. Therefore, Section I of Article II of the By-Laws shall be amended to read as follows:

**“ARTICLE II
Board of Directors**

Section 1. Number and Qualification. The affairs of the Association and of the property shall be governed by the Board of Directors. The Board of Directors shall be composed of five (5) persons, all of whom shall be owners of units, or in the case of partnership owners shall be members or employees of such partnership, or in the case of corporate owners, shall be officers, shareholders, or employees of such corporations, or in the case of fiduciary owners shall be fiduciaries, or officers or employees of such fiduciaries, or retail leaseholders. However, there may be no more than two (2) retail leaseholders serving on the five (5) member Board of Directors at any one time.”

This Amendment shall take effect and be in full force as of May 9, 2002.

In all other respects, the By-Laws as revised May, 2001 of Top of the Hill Condominium shall remain the same and have full force and effect as set forth therein.

Dated this 20 day of May, 2002.

TOP OF THE HILL CONDOMINIUM
OWNERS ASSOCIATION

BY: *Patricia A. Frank*
President

BY: *[Signature]*
Secretary

Patricia A. Frank 5/20/02

**FIRST AMENDMENT
TO
BY-LAWS
OF
TOP OF THE HILL CONDOMINIUM**

(Revised May, 2001)

WHEREAS, Top of the Hill Condominium Owner's Association, Inc., is a Wisconsin Corporation organized under the Wisconsin Non-stock Corporation Law to serve as an association of unit owners;

WHEREAS, The By-laws of Top of the Hill Condominium were revised May, 2001 and adopted as the By-laws of the Top of the Hill Condominium Owner's Association, Inc.;

WHEREAS, Article XI of said By-laws provides for amendments to the By-laws by vote of at least Sixty-seven percent (67%) of the authorized votes of all unit owners, which votes are to be taken at a meeting of unit owners duly held for such purposes;

WHEREAS, the Board of Directors of Top of the Hill Condominium Owner's Association, Inc. is desirous of changing Article I, Section 4, Fiscal Year of said By-laws;

NOW, THEREFORE, the By-laws of Top of the Hill Condominium revised May, 2001, as it pertains to Article I, Section 4 is hereby amended as follows:

ARTICLE I

SECTION 4. FISCAL YEAR. The Association shall operate on a fiscal year basis beginning January 1st and ending December 31st of each year.

**SECOND AMENDMENT
TO
BY-LAWS
OF
TOP OF THE HILL CONDOMINIUM**

(Revised May 3, 2004)

WHEREAS, Top of the Hill Condominium Owner's Association, Inc., is a Wisconsin Corporation organized under the Wisconsin Non-stock Corporation Law to serve as an association of unit owners;

WHEREAS, The By-laws of Top of the Hill Condominium were revised May, 2001 and adopted as the By-laws of the Top of the Hill Condominium Owner's Association, Inc.;

WHEREAS, The By-laws of Top of the Hill Condominium were again revised May 3, 2004 and adopted as the By-laws of the Top of the Hill Condominium Owner's Association, Inc.;

WHEREAS, Article XI of said By-laws provides for amendments to the By-laws by vote of at least Sixty-seven percent (67%) of the authorized votes of all unit owners, which votes are to be taken at a meeting of unit owners duly held for such purposes;

WHEREAS, The Board of Directors of Top of the Hill Condominium Owner's Association, Inc. is desirous of changing Article III, Section 1, Line 1, Annual Meeting and Article V, Section 1, Line 5, Determination of Common Expenses of said By-laws;

NOW, THEREFORE, the By-laws of Top of the Hill Condominium revised May, 2001 and again revised May 3, 2004, as it pertains to Article III, Section 1, Line 1 and Article V, Section 1, Line 5 is hereby amended as follows:

ARTICLE III

SECTION 1, Line 1. ANNUAL MEETING. The annual meeting of the Unit Owners shall be held in November of each succeeding year....

ARTICLE V

SECTION 1, Line 5. DETERMINATION OF COMMON EXPENSES. ...The assessment for common expenses for the entire year shall be effective as of January 1st of each year...

IN WITNESS THEREOF, the undersigned officers of the Top of the Hill Owner's Association, Inc. have caused this document to be executed this 8th day of June, 2004.

TOP OF THE HILL CONDOMINIUM OWNER'S ASSOCIATION, INC.

BY: Patricia Frank
Patricia Frank, President

BY: Julia Frater
Julia Frater, Secretary

