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BY-LAWS OF
LANDMARK SQUARE CONDOMINIUM OWNER'S ASSOCIATION, INC.

ARTICLE I

NAME AND ADDRESS

1.01 Name, Purpose. -- The name of the corporation shall be Landmark Square Condominium Owner's Association, Inc. (the "Association"). The Association is incorporated as a nonstock, nonprofit corporation under the provisions of the Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes.

1.02 Address. -- The principal office of the Association shall be located at 832 North 6 Street, Sheboygan, Wisconsin 53081. This address shall also be the mailing address of the Association.

1.03 Binding Effect. -- These By-laws (the "By-laws") shall be binding upon the Unit Owners, their heirs, successors, and assigns and shall govern the use, occupancy, operation, and administration of the Condominium.

1.04 Capitalized Terms. -- Capitalized terms not defined in these By-laws shall have the definitions given to such terms in the Declaration of Condominium for Landmark Square Condominium and recorded in the office of the Sheboygan County Register of Deeds.

ARTICLE II

MEMBERSHIP

2.01 Membership. -- The membership of the Association shall at all times consist exclusively of all of the Unit Owners of the Condominium. Land contract vendees and not land contract vendors shall be members of the Association. Persons who hold an interest in a Unit merely as security for the performance of an obligation (including Mortgagees) are not members of the Association.

2.02 Commencement and Termination. -- Membership shall immediately commence upon acquisition of an ownership interest in a Unit of the Condominium and shall immediately terminate upon conveyance of such ownership interest. If a Unit Owner's ownership interest passes to its personal representative or to a trustee upon the Unit Owner's death, such personal representative or trustee shall be a member of the Association.

2.03 Withdrawal or Expulsion. -- No Unit Owner may voluntarily withdraw or be expelled from membership in the Association.

2.04 Membership Certificates. -- Membership certificates shall not be issued.

2.05 Membership List. -- The Association shall maintain a current membership list listing all Unit Owners of each Unit, the current mailing address for each Unit Owner to which notice of meetings of the Association shall be sent, all Mortgagees of the Unit, if any, and, in the case of multiple owners of a Unit, the Unit Owner, if any, designated to cast any or all of the votes pertaining to such Unit in accordance with the Declaration. Each Unit Owner shall promptly provide written notice to the Association's Board of Directors or its designee of any transfer of its Unit as provided in Section 2.06 and of any change in such Unit Owner's name and current mailing address of such Unit Owner. Any Unit Owner that mortgages its Unit or any interest therein or enters into a land contract with respect to its Unit shall notify

the Board of Directors or its designee of the name and mailing address of its Mortgagee and the Board of Directors or its designee when such mortgage has been released or such land contract has been fulfilled. The Board of Directors or its designee shall make appropriate changes to the membership list effective as of the date of the mortgage, release, land contract, or fulfillment, as the case may be.

2.06 Transfer of Membership -- Each membership shall be appurtenant to the Unit upon which it is based and shall be transferred automatically upon conveyance with the transfer of a Unit. As soon as possible following the transfer of a Unit, the new Unit Owners shall give written notice to Board of Directors or its designee of such transfer identifying the Unit and setting forth the names and mailing addresses of the new Unit Owners, the date of the transfer, the names and addresses of each Mortgagee, if any, and in the case of a Unit owned by multiple Unit Owners, the name of the person designated to vote, if any. The Association shall make appropriate changes to the membership list described in Section 2.05 effective as of the date of transfer.

2.07 Effect of Condominium Lien — No Unit Owner may vote on any matter submitted to a vote of the Unit Owners if the Association has recorded a statement of condominium lien on the Unit owned by such Unit Owner and the amount necessary to release the lien has not been paid at the time of the voting.

2.08 Quorum -- Unit Owners holding fifty-one percent (51%) of the total votes of the Association as set forth in the Declaration, present in person or represented by proxy, shall constitute a quorum at all meetings of the Unit Owners for the transaction of business.

2.09 Vote Required to Transact Business -- When a quorum is present in person or represented by proxy at any meeting, a majority of the votes cast shall decide any question brought before the meeting unless the question requires a different vote by express provision in the Declaration, Articles of Incorporation of the Association (the "Articles"), Wisconsin Condominium Ownership Act, Wisconsin Nonstock Corporation Law, or these By-laws, in which case such express provision shall apply.

2.10 Proxies — All proxies shall be in writing, signed by the Unit Owner giving such proxy, and filed with the Board of Directors or its designee before or at the time of the meeting. No proxy shall be valid after one hundred eighty (180) days from its date of issuance, unless granted to a Mortgagee or tenant of a Unit.

2.11 Effect of Condominium Lien -- No Unit Owner may vote on any matter submitted to a vote of the Unit Owners if the Association has recorded a statement of condominium lien on the Unit owned by such Unit Owner and the amount necessary to release the lien has not been paid at the time of the voting.

ARTICLE III

MEETINGS OF MEMBERS

3.01 Place -- All meetings of the Unit Owners shall be held at a place in Sheboygan County, Wisconsin, that shall be stated in the notice of the meeting.

3.02 Annual Meeting -- An annual meeting of the Unit Owners shall be held on the first Saturday of April of each year.

3.03 Special Meetings -- Special meetings of the Unit Owners may be called at any time by the president of the Association and/or shall be called upon the written request of Unit Owners holding at least twenty-five percent (25%) of the votes. Business transacted at special meetings shall be limited to the objects stated in the notice of such meeting.

3.04 Notice of Meetings -- No annual or special meeting of the Unit Owners may be held except upon at least ten (10) days' (but not more than 60 days') written notice delivered or mailed to each Unit Owner at the address shown on the Association's current membership list. Such notice shall specify the place, day, and hour of the meetings and, in the case of a special meeting, the purpose of the meeting. Prior notice of a meeting is not required to any Unit Owner that signs a waiver of notice of such meeting. Minutes of the prior annual or special meeting shall be provided **to** each unit owner with the notice of meeting required in this paragraph.

3.05 Adjourned Meetings -- If a quorum shall not be present in person or represented by proxy at any meeting, the Unit Owners present shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the meeting originally called.

3.06 Duties of Officers at Meetings -- The president of the Association shall preside at all meetings of the Unit Owners, and in his or her absence, the vice president shall preside. The secretary shall take the minutes of the meeting and minutes shall be kept in the Association's minute book. Votes at all meetings shall be counted by the Board of Directors or its designee.

3.07 Order of Business -- The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Calling the meeting to order
- (b) Calling the roll of Unit Owners and certifying the proxies
- (c) Proof of notice of meeting or waiver of notice
- (d) Reading and disposal of any unapproved minutes
- (e) Reports of committees (if appropriate)
- (f) Reports of officers
- (g) Election of directors (if appropriate)
- (h) Unfinished business
- (i) New business
- (j) Adjournment

3.08 Action Without a Meeting by Written Consent -- Any action required or permitted by any provision of the Wisconsin Condominium Ownership Act, the Wisconsin Nonstock Corporation Law, the Declaration, the Articles, or these By-laws to be taken by the vote of the Unit Owners may be taken without a meeting if a written consent, setting forth the action so taken, is signed and dated by all Unit Owners that would have been entitled to vote upon the action at such meeting and that hold a number of votes equal to fifty-one percent (51%) of the total number of votes in the Association.

ARTICLE IV

BOARD OF DIRECTORS

4.01 Number -- The affairs of the Association shall be managed by a board of directors (the "Board of Directors") composed of not less than three persons and no greater than five persons as determined by the Unit Owners. No more than one director at any given time may be a person who is not also a Unit Owner for purposes of this requirement only and provided further, that in the case of a Unit that is owned by an entity rather than an individual, any person who is an officer, member, partner, director, employee, or designee of such entity shall be deemed to be a "Unit Owner" for purposes of this requirement only.

4.02 Term of Office — Each director shall take office at the annual meeting and shall serve for a term of one (1) year or until his or her successor shall be elected.

4.03 Election of Directors -- One (1) month prior to each annual meeting of the Unit Owners the Board of Directors or it's designee shall mail or deliver to all Unit Owners a notice setting a deadline for nomination of persons to serve as directors on the Board of Directors. All nominations shall be mailed to the secretary. Unit Owners must obtain the prior consent of any person they nominate and may nominate themselves. Only Unit Owners entitled to vote upon the election of any director may nominate a person to serve as a director. If the number of nominees equals the number of directors to be elected, the nominees shall automatically become the new directors to take office at the annual meeting. If the number of nominees is fewer than the number of directors to be elected the Board of Directors or it's designee shall solicit further nominees. If the number of nominees exceeds the number of directors to be elected the Board of Directors or it's designee shall conduct an election by written ballot. The persons receiving the largest number of votes shall be elected as directors and shall take office at the annual meeting.

4.04 Vacancy and Replacement — If the office of any director becomes vacant because of death, resignation, disqualification, or removal from office, such vacancy shall be filled by vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of such vacancy, even though the directors present may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the director who left office or until a successor is selected in accordance with these By-laws.

4.05 Removal -- Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the Unit Owners.

4.06 Compensation -- No director shall receive any compensation for his or her services as a director of the Association other than reimbursement for reasonable out-of-pocket expenses incurred in the performance of directors' duties.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

5.01 Annual Meeting —An annual meeting of the Board of Directors shall be held annually without notice following the annual meeting of the Unit Owners at the same place as the annual meeting or at such place as the Board of Directors may vote to hold the meeting.

5.02 Special Meetings -- Special meetings of the Board of Directors may be called at any time by the president and shall be called by the president or secretary at the request of any director on the Board of Directors. Business transacted at all special meetings shall be limited to the objects stated in the notice of such meeting.

5.03 Notice of Special Meetings -- No special meeting of the Board of Directors may be held except upon at least three (3) days' prior written notice delivered or mailed by the site coordinator to each member of the Board of Directors. Such notice shall specify the place, day, and hour of the meeting of the Board of Directors and the purpose of the meeting. Attendance by a director at any meeting of the Board of Directors shall be deemed a waiver of such notice.

5.04 Quorum -- A majority of the Board shall constitute a quorum for the transaction of business. Except as otherwise expressly provided in the Wisconsin Condominium Ownership Act, the Wisconsin Nonstock Corporation Law, the Declaration, the Articles or these By-laws, every act of a majority of directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum is not present at the meeting, the directors then present may adjourn the meeting until such time as a quorum is present, and at such later meeting at which a quorum is present, may transact any business which might have been transacted at the meeting originally called.

5.05 Order of Business -- The order of business at all meetings of the Board of Directors shall be as follows:

- (a) Calling the meeting to order
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading and disposal of any unapproved minutes
- (d) Reports of officers
- (e) Reports of committees (if appropriate)
- (f) Election of officers (if appropriate)
- (g) Unfinished business
- (h) New business
- (I) Adjournment

5.06 Action Without a Meeting by Written Consent -- Any action required or permitted by the Articles or these By-laws to be taken by the Board of Directors may be taken without a meeting if a written consent, setting forth the action so taken, is signed by two-thirds (2/3) of the directors then in office.

ARTICLE VI

POWERS AND DUTIES OF BOARD OF DIRECTORS

All of the powers and duties of the Association under the Declaration, the Articles, these By-laws, the Wisconsin Condominium Ownership Act, and the Wisconsin Nonstock Corporation Law shall be exercised by the Board of Directors except those powers and duties specifically given to or required of any committees of the Association or the Unit Owners. The powers and duties of the Board of Directors include, without limitation, the power or duty to:

- (a) Adopt an annual budget for revenues, expenditures, and reserves;
- (b) Levy and collect General Assessments and Special Assessments and disburse funds in payment of the Association's expenses;
- (c) Manage, maintain, repair, replace, improve, operate, and regulate the Common Elements, Limited Common Elements, and any property owned or leased by the Association;
- (d) Grant easements, licenses, and rights-of-way through or over the Common Elements;
- (e) Hire and supervise any property manager or agent, security manager or agent, other manager or agent, employee, attorney, accountant, or any other independent contractor, whose services the Board of Directors determines are necessary or appropriate, on such terms and conditions as shall be determined by the Board of Directors;

- (f) Sue on behalf of all Unit Owners;
- (g) Make contracts and incur liabilities;
- (h) Purchase, take, receive, rent, or otherwise acquire and hold any interest in real or personal property, including any Unit of the Condominium;
- (i) Sell, convey mortgage, encumber, lease, exchange, transfer, or otherwise dispose of any interest in real or personal property, including any Unit of the Condominium;
- (j) Receive any income derived from payments, fees or charges for the use, rental, or operation of the Common Elements and any property owned or leased by the Association;
- (k) Adopt, amend, and repeal rules and regulations governing the operation, maintenance, and use of any portion of the Condominium and the personal conduct of any person upon or with regard to Condominium property, including the imposition of charges for the use of Common Elements and penalties for infractions of the rules and regulations of the Association. Such rules and regulations may also be adopted, amended, and repealed by the Unit Owners having sixty-seven percent (67%) or more of the votes of the Association. Notwithstanding anything in these By-laws to the contrary, (i) rules and regulations which are adopted, amended or repealed by the Unit Owners may not thereafter be amended, repealed, or readopted by the Board of Directors; and (ii) its successor and assigns shall not be subject to or bound by any rule, regulation, or amendment to a rule or regulation that is adopted without the written consent of its successors and assigns to the specific rule, regulation, or amendment;
- (l) Insure the Condominium property and property owned or leased by the Association against loss by fire and other casualty and the Association and Unit Owners against public liability provided in the Declaration and purchase such other insurance as the Board of Directors may deem advisable including such insurance insuring the Board of Directors as agents or managers relating to director's liability and such fidelity insurance as the Board of Directors may determine;
- (m) Keep all of the books and records and prepare accurate reports of all transactions of the Association;
- (n) Appoint committees to carry out any tasks which the Board of Directors deems necessary or appropriate;
- (o) Designate depositories and establish accounts for the funds of the Association and determine which officers or agents shall be authorized to withdraw and transfer funds deposited in such accounts;
- (p) Maintain such reserve funds for the operation, maintenance, repair, and replacement of Common Elements, Limited Common Elements, and any property owned or leased by the Association, for contingencies and for making up any deficit in the Common Expenses for any prior year as the Board of Directors may deem proper or as may be required by law;
- (q) Delegate any or part of the powers and duties of the Board of Directors or Association officers to committees of the Association or to a site manager or managing agent.

ARTICLE VII

OFFICERS AND THEIR DUTIES

7.01 Officers -- The principal officers of the Association shall be the president, vice president, and secretary, all of whom shall be elected by the Board of Directors. All officers shall be Unit Owners. A board member may simultaneously hold more than one office in the Association.

7.02 Election of Officers -- The officers shall be elected annually by the Board of Directors at its regular meeting.

7.03 Term -- Each officer of the Association shall hold office for a term of one (1) year or until his or her successor shall be elected.

7.04 Special Appointments -- The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for a period specified by the Board of Directors which shall not exceed three (3) years, have such authority and perform such duties as the Board of Directors may from time to time determine.

7.05 Resignation and Removal -- Any officer may be removed from office by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. Any officer may at any time resign by giving written notice to the president or the secretary. Such resignation shall take effect on the date of receipt of such notice by the president or secretary or at any later time specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation described in the notice shall not be necessary for its effectiveness.

7.06 Vacancies -- A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to fill such vacancy shall serve for the remainder of the term of the office replaced.

7.07 Duties -- Unless otherwise indicated by the Board of Directors or delegated to a managing agent pursuant to Article VI, the duties of the officers are as follows:

- (a) President** -- The president shall preside at all meetings of the members of the Association and of the Board of Directors; oversee the implementation of the Board of Directors' orders and resolutions; sign all leases, mortgages, deeds, contracts, checks, promissory notes, and other written instruments on behalf of the Association; generally manage the business of the Association; supervise and direct all other officers of the Association; and perform such other duties incident to the office of president as may be required under the Wisconsin Condominium Ownership Act, the Wisconsin Nonstock Corporation Law, the Declaration, the Articles, or these By-laws, or by the Board of Directors.
- (b) Vice President** -- The vice president shall act in the place of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Directors.
- (c) Secretary** -- The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Unit Owners; serve notices of the meetings of the

Board of Directors and of the Unit Owners; keep all books and records of the Association other than books of account, including the membership list described in Section 2.05; and perform such other duties incident to the office of secretary as may be required under the Wisconsin Condominium Ownership Act, the Wisconsin Nonstock Corporation Law, the Declaration, the Articles, or these By-laws or by the Board of Directors.

7.08 Compensation -- No officer shall receive any compensation for his or her services as an officer of the Association, other than reimbursement for reasonable out-of-pocket expenses incurred in the performance of officers' duties.

7.09 Fidelity Bonds -- The Board of Directors may require that any officers, agents, or employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Association.

ARTICLE VIII

BOOKS AND RECORDS

8.01 Inspection -- The books, records, minutes, papers, and membership list of the Association shall at all times, during reasonable business hours, be subject to inspection by any Unit Owner. The Declaration, the Articles, and the By-laws shall be available for inspection by any Unit Owner, Mortgagee, or prospective purchaser of a Unit at the principal office of the Association, or at such other reasonable location where copies may be purchased at reasonable cost.

8.02 Audits -- The accounts and records of the Association shall be audited at least once every other year by an audit committee or as required by agreement of the Board of Directors. The committee shall retain such professional auditors and other independent examiners as it deems appropriate. The cost of such audit shall be a Common Expense.

ARTICLE IX

BUDGET, ASSESSMENT, AND ANNUAL REPORT

9.01 Fiscal Year -- The fiscal year of the Association shall run from the first day of January until the thirty-first day of December.

9.02 Budget -- The Board of Directors shall adopt an annual operating budget for the Association at the annual meeting of the Board of Directors. The budget shall be effective for the period beginning January 1 through December 31 of the succeeding year. The Association may maintain a non-statutory reserve account for the Condominium. The Association may include, within the budget, an amount for reserve funds to be collected for the ensuing year considering:

1. The reserve funds then in the reserve account; The expending of the Reserve Funds shall be under the direction of the Board of Directors and shall not exceed over half of the total reserve in any one year period unless an emergency situation would occur.
2. The estimated cost of repairing or replacing Common Elements, other than routine maintenance;
3. The estimated remaining useful life of the Common Elements; and
4. The approximate proportion of the estimated cost of repairing or replacing Common Elements that will be covered by the reserve account and the approximate proportion that will be funded by other means.

9.03 Levying and Payment of General Assessments -- Based on the duly adopted annual operating budget, the Board of Directors shall levy General Assessments against the Unit Owners in proportion to the percentage interest in the Common Elements appurtenant to each Unit as determined under Section 5.01 of the Declaration. Prior to the annual meeting, the Board of Directors or its designee shall mail or deliver a copy of the proposed annual operating budget and a statement of assessment for the next twelve (12) months to each Unit Owner. General Assessments shall be payable to the Association in twelve (12) equal installments which shall be due monthly in advance on the first day of each month. Such installments shall be mailed or delivered to the principal office of the Association or such place as directed by the Board of Directors and shall be deemed paid on the date of mailing or on the date of delivery, as the case may be.

9.04 Special Assessments -- Special Assessments may from time to time be levied against Unit Owners by the Board of Directors for any of the purposes enumerated in the Declaration and shall be due and payable in the manner and upon the date or dates designated by the Board of Directors.

9.05 Association remedies Upon Nonpayment of Assessments -- Any General Assessment or Special Assessment not paid within ten (10) days of the date on which it is due shall bear interest from the day following such due date at the rate of one percent (1%) per month or the highest rate permitted by law, whichever is less. The Association may seek to collect any assessments not paid when due by filing statements of condominium lien against the Units on which they are assessed, by enforcing and foreclosing such liens, or by bringing an action for money damages against the Unit Owners personally obligated to pay the delinquent assessment. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving any lien securing the same. No Unit Owner may waive or otherwise escape liability for the assessments provided herein by nonuse of the Common Elements or abandonment of its Unit.

ARTICLE X

USE

Each Unit shall be used only for purposes permitted under the Declaration, the Articles, these By-laws, and any rules and regulations of the Association.

ARTICLE XI

ENFORCEMENT OF CONDOMINIUM DOCUMENTS

It shall be the responsibility of each Unit Owner to see that the occupants and tenants of the Unit owned by such Unit Owner, and the employees, agents, representatives, invitees, and guests of such Unit Owner, occupants, and tenants, abide by the provisions of the Declaration, By-laws, Condominium Ownership Act, all rules and regulations of the Association, and any decisions made by the Association, the Board of Directors or any committees of the Association that are authorized by any of the foregoing. Unit Owners should report infractions to the Board of Directors in writing, and the Board of Directors shall reply to the reporting Unit Owner within thirty (30) days concerning the action taken. In the event of a violation of any provision of the Declaration, the By-laws, the Condominium Ownership Act, any rule or regulation of the Association, or any authorized decision of the Association, the Board of Directors or any committee of the Association, the Board of Directors shall notify the alleged offender. If the violation is not corrected within a reasonable time, the Association may take such action as it deems appropriate, including legal action against the offending Unit Owner or the Unit Owners of the Unit in which such offender is a tenant occupant, employee, agent, representative, invitee, or guest, to correct the violation. In any such action brought against any Unit Owner in which the Association is the prevailing party, the Unit Owner defendant in such action shall pay the Association's costs and actual attorneys' fees. If the Association fails to take appropriate enforcement action within thirty (30) days of the receipt of the report of the infraction any Unit Owner may take appropriate legal action to enforce the provisions of the Declaration, the Bylaws, the Condominium Ownership Act, the rules and regulation of the Association, and any authorized decision of the Association, the Board of Directors, or any committee of the Association.

ARTICLE XII

LIABILITY AND INDEMNITY

12.01 General Scope and Definitions

- (a) The rights of directors and officers of the Association provided in this Article shall extend to the fullest extent permitted by the Wisconsin Nonstock Corporation Law and other applicable laws as in effect from time to time.
- (b) For purposes of this Article, "director or officer" means a natural person (i) who is or was a director or officer of the Association, (ii) who, while a director or officer of the Association, is or was serving at the Association's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee, or agent of another corporation or foreign corporation, partnership, limited liability company, joint venture, trust, or other enterprise, (iii) who, while a director or officer of the Association, is or was serving on an employee benefit plan because his or her duties to the Association also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan, or (iv) who is or was a member of the Architectural Review Committee. Unless the context requires otherwise, "director or officer" shall also mean the estate and personal representative of a director or officer.
- (c) For purposes of this Article, "proceeding" means any threatened, pending or completed civil, criminal, administrative, or investigative action, suit, arbitration, or other proceeding, whether formal or informal, which involves foreign, federal, state, or local law (including federal or state securities laws) and which is brought by or in the right of the Association or by any other person.

- (d) For purposes of this Article, "expenses" means fees, costs, charges, disbursements, attorneys' fees, and any other expenses incurred in connection with a proceeding, including a proceeding in which a director or officer asserts his or her rights under this Article, and, if the context requires, liabilities, including the obligation to pay a judgment, settlement, penalty, assessment, forfeiture, or fine, including any excise tax assessed with respect to an employee benefit plan.

12.02 Mandatory Indemnification

- (a) To the extent that a director or officer has been successful on the merits or otherwise in the defense of any proceeding (including, without limitation, the settlement, dismissal, abandonment, or withdrawal of any action where he or she does not pay or assume any material liability), or in connection with any claim, issue, or matter therein, he or she shall be indemnified by the Association against expenses actually and reasonably incurred by him or her in connection therewith to the extent that he or she was a party to the proceeding because he or she is or was a director or officer of the Association.
- (b) In cases not included under Section 12.02(a), the Association shall indemnify any director or officer against expenses actually and reasonably incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is or was a director or officer, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owed to the Association and the breach or failure to perform constituted any of the following: (i) a willful failure to deal fairly with the Association or its members in connection with a matter in which the director or officer had a material conflict of interest; (ii) a violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful; (iii) a transaction from which the director or officer derived an improper personal profit or benefit; or (iv) willful misconduct. The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this subsection.
- (c) Indemnification under this Section is not required to the extent that the director or officer has previously received indemnification or allowance of expenses from any person, including the Association, in connection with the same proceeding.
- (d) To the extent indemnification is required under this Article XII, the Association has purchased or is required under Section 12.10 to purchase insurance on behalf of the indemnified person and the insurance policy includes a provision obligating the insurer to defend such person, the Association shall be obligated to extend such defense. To the extent possible under such insurance policy, the defense shall be extended with counsel reasonably acceptable to the indemnified person. The Association shall keep the indemnified person advised of the status of the claim and the defense thereof and shall consider in good faith the recommendations made by the indemnified person with respect thereto.

12.03 Determination of Right to Indemnification -- Unless otherwise provided by written agreement between the director or officer and the Association, the director or officer seeking indemnification under Section 12.02 shall make a written request for indemnification which shall designate one of the following means for determining his or her right to indemnification: (a) by a majority vote of a quorum of the Board of Directors or a committee of directors consisting of directors not at the time parties to the same or related proceedings; (b) by independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in Section 12.03(a) or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings; (c) by arbitration; or (d) by an affirmative vote of a majority of the Unit Owners entitled to vote; provided, however, that Unit Owners who are at the time

parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not vote in making the determination. Any determination under this Section shall be made pursuant to procedures consistent with the Wisconsin Nonstock Corporation Law unless otherwise agreed by the Association and the person seeking indemnification. Such determination shall be completed, and eligible expenses, if any, shall be paid to the person requesting indemnification hereunder within sixty (60) days of the Association's receipt of the written request required hereunder.

12.04 Allowance of Expenses as Incurred -- Within thirty (30) days after a written request by a director or officer who is a party to a proceeding because he or she is or was a director or officer, the Association shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the Association with all of the following: (a) a written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Association; and (b) a written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by the Association, to pay reasonable interest on the allowance to the extent that it is ultimately determined under Section 12.03 that indemnification under Section 12.02 is not required and indemnification is otherwise not ordered by a court. The undertaking under this Section shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

12.05 Partial Indemnification

- (a) If it is determined pursuant to Section 12.03 that a director or officer is entitled to indemnification as to some claims, issues, or matters in connection with any proceeding, but not as to other claims, issues, or matters, the person or persons making such determination shall reasonably determine and indemnify the director or officer for those expenses which are the result of claims, issues, or matters that are a proper subject for indemnification hereunder in light of all of the circumstances.
- (b) If it is determined pursuant to Section 12.03 that certain expenses (other than liabilities) incurred by a director or officer are for any reason unreasonable in amount in light of all the circumstances, the person or persons making such determination shall authorize the indemnification of the director or officer for only such amounts as he or she or they shall deem reasonable.

12.06 Indemnification of Employees and Agents -- The Board of Directors, may, in its sole discretion, provide indemnification and/or defense and/or allowance of expenses in advance of a final determination of any proceeding to an employee or agent of the Association who is not a director or officer in connection with any proceeding in which the employee or agent was a defendant because of his or her actions as an employee or agent of the Association, provided, however, that prior to each indemnification, defense or allowance of expenses, the Board of Directors shall first determine that the employee or agent acted in good faith and in a manner he or she reasonably believed to be in, and not opposed to, the best interests of the Association.

12.07 Limited Liability of Directors and Officers

- (a) Except as provided in subsection 12.07(b) and (c), a director or officer is not liable to the Association, its members or creditors, or any person for damages, settlements, fees, fines, penalties, or other monetary liabilities arising from a breach of, **or** failure to perform, any duty resulting solely from his or her status as a director or officer, unless the person asserting liability proves that the breach or failure to perform constitutes any of the acts of misconduct listed in Section 12.02(b).
- (b) Except as provided in Section 12.07(c), this Section 12.07 does not apply to any of the following: (i) a civil or criminal proceeding brought by or on behalf of any governmental unit, authority, or agency; (ii) a proceeding brought by any person for a violation of state or federal law where the proceeding is

brought pursuant to an express private right of action created by state or federal statute; or (iii) the liability of a director under Wisconsin Statutes Section 181.0832 and 181.0833.

(c) Wisconsin Statutes Sections 12.07(b)(i) and (ii) do not apply to a proceeding brought by a governmental unit, authority, or agency in its capacity as a private party or contractor.

12.08 Severability of Provisions -- The provisions of this Article XII and the several rights to indemnification, advancement of expenses, and limitation of liability created hereby are independent and severable and, if any such provision or right shall be held by a court of competent jurisdiction in which a proceeding relating to such provisions or rights is brought to be against public policy or otherwise to be unenforceable, the other provisions of this Article XII shall remain enforceable and in full effect.

12.09 Nonexclusivity of Rights — The rights to indemnification, defense and advancement of expenses provided for in this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, defense, or advancement of expenses may be entitled under any agreement authorized by the Board of Directors, any of the By-laws, any vote of the members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. Notwithstanding the foregoing, the Association may not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses, pursuant to any such additional rights unless it is determined by or on behalf of the Association that the director or officer did not breach or fail to perform a duty he or she owes to the Association which constitutes conduct under Section 12.02(b). A director or officer who is a party to the same or related proceeding for which indemnification, defense, or an allowance of expenses is sought may not participate in a determination under this Section.

12.10 Purchase of Insurance -- The Association shall use its reasonable best efforts to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association, to the extent that such director or officer is insurable and such insurance coverage can be secured by the Association at rates, and in amounts and subject to such terms and conditions as shall be determined in good faith to be reasonable and appropriate by the Board of Directors of the Association, and whose determination shall be conclusive (provided, however, that such insurance shall contain a provision obligating the insurer to defend the director or officer, if such provision is available at reasonable rates), against liability asserted against or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify or defend him or her against such liability under the provisions of this Article XII.

12.11 Benefit — The rights to indemnification, defense, and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

12.12 Amendment -- No amendment or repeal of this Article XII shall be effective to reduce the obligations of the Association under this Article XII with respect to any proceeding based upon occurrences which take place prior to such amendment or repeal.

ARTICLE XIII

GENERAL PROVISIONS

13.01 Seal -- The Association shall not have a corporate seal.

13.02 Interpretation. -- These By-laws are subject to all provisions of the Declaration, the Articles, the Wisconsin Condominium Ownership Act, and the Wisconsin Nonstock Corporation Law. If any provision of these By-laws shall be invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Any invalid provision or portion thereof shall be interpreted as having been amended to comply with the provisions of the Wisconsin Condominium Ownership Act and/or the Wisconsin Nonstock Corporation Law in effect on the date of the adoption of these By-laws. Nothing in these By-laws shall be deemed or construed to authorize the Association to conduct or engage in any active business for profit on behalf of any or all of the Unit Owners.

13.03 Notices -- Except as otherwise may be provided in the Wisconsin Condominium Ownership Act or Wisconsin Nonstock Corporation Law, notices to any Unit Owner that are to be delivered or mailed pursuant to these By-laws shall be deemed to have been given (a) in the case of delivered notices, on the date when the notice is delivered to the address on file with the site coordinator of the Association, or (b) in the case of mailed notices, on the date when the notice, addressed to the address on file with the site coordinator of the Association, is deposited in the United States mail with sufficient postage to effect delivery.

ARTICLE XIV

AMENDMENTS TO BY-LAWS

These By-laws may be amended only with the assent of at least sixty-seven percent (67%) of the votes of the Unit Owners.

