

CODE OF BYLAWS

MILL CREEK ESTATES CONDOMINIUM UNIT OWNERS ASSOCIATION, INC.

LEGAL AUTHORITY

The following Code of Bylaws (“Bylaws”) applies to Mill Creek Estates Condominium Unit Owners Association, Inc. (“the Association”), a Wisconsin non-stock corporation, created to manage the condominium association of unit owners of the Mill Creek Estates Condominium (“the Condominium”) defined by the Second Restated Declaration of Condominium of Mill Creek Estates Condominium recorded January 11, 2023 in the office of the Register of Deeds of Dane County, Wisconsin, as Document No. 5881719. This Second Restatement restates the Declaration of Condominium which originally created the Association and was recorded May 30, 2008, in the office of the Register of Deeds of Dane County, Wisconsin, as Document No. 4435929, as amended by the Restated Declaration recorded June 16, 2014, as Document No. 5076778, and the First Amended Restated Declaration recorded July 21, 2015, as Document No. 5169844. This Second Restatement shall be referred to herein as the “Declaration.”

PREAMBLE

These Bylaws incorporate by reference the said Declaration, the Condominium Plat, and the Wisconsin Condominium Ownership Act, Chapter 703, Wisconsin Statutes (“the Act”). The Bylaws are intended to provide the structure necessary for the operation and maintenance of the Common Elements of the Condominium; to control and regulate the use, security and operation of the Condominium for the collective benefit and enjoyment of Unit Owners and all other persons authorized and invited to use it; to establish the procedures for the operation of the Association; to define the processes for financing the operation of the Association and for levying and collecting assessments; and to permit Unit Owners to participate through a democratic structure in the governance of the Condominium.

SECTION I

NAME, FORM OF ADMINISTRATION, ADDRESS

1.01 Name The name of the Association is Mill Creek Estates Condominium Unit Owners Association, Inc., and is referred to herein as “the Association.”

1.02 Form of Administration The Association is a non-stock corporation created to act as the association of unit owners for those persons owning units at Mill Creek Estates Condominium pursuant to Section 703.15(1) of the Act. Policy control of the Association is vested in a Board of Directors (“the Directors”) to be elected by the Members in accordance with Section III. A manager or management company, if either is retained by the Board of Directors, is responsible for implementation of the policy decisions of the Board and operates under its supervision and control. If no manager or management company is retained, the Board of Directors is directly responsible for implementation of its policy decisions and for the supervision and control of the officers, agents, committees, Unit Owners and others that conduct the business of the Association.

1.03 Address The mailing address of the Association is P.O. Box 930463, Verona, WI 53593-0463. This address is subject to change to such other address in Dane County, Wisconsin, as the Board of Directors may propose from time to time by offering an amendment to these Bylaws.

1.04 Registered Office; Agent The name and address of the Resident Agent shall be those of the current Registered Agent for the Association as listed with the Wisconsin Department of Financial Institutions.

SECTION II

MEMBERS; RIGHTS AND OBLIGATIONS; MEETINGS

2.01 Members Each Unit Owner in the Condominium is, by the fact of ownership of a Unit, a member of the Association ("Member"). The membership of the Association shall include the vendee named in a land contract providing for the purchase of a Unit, but shall not include the land contract vendor. As such, the vendee is granted all rights and subject to all obligations of membership created herein. Persons holding an interest in a Unit solely as security for an obligation (including mortgage holders) are not Members of the Association. All actions by the Association shall be binding upon all its Members. Members may not voluntarily withdraw from membership in the Association.

2.02 Transfer of Membership Upon conveyance or other transfer of a Member's interest in a Unit, the transferor ceases to be a Member of the Association as to that Unit and the transferee becomes a Member. If a Member dies and the Member's ownership interest passes to a personal representative or to a trustee, the personal representative or trustee receiving the interest shall become a Member of the Association.

2.03 Roster of Members; Tenants The Association shall maintain a roster of the names, addresses, email address and telephone numbers of all Unit Owners, family members or guests occupying a Unit for thirty (30) days or more, and of tenants and renters occupying Units. It shall be the responsibility of the Unit Owner/lessor to promptly provide the Association Secretary with the information necessary to keep the roster current. The Members on the Roster of Members shall be the official list of Members of the Association and Unit Owners of the Condominium for all purposes related to the Condominium. The Unit Owner/lessor shall promptly provide the Secretary with a copy of the current lease on the Unit and any other documents relating to the leasing of the Unit that are required under the Declaration, Bylaws or rules. No certificate of membership will be issued to evidence membership.

2.04 Roster of Mortgage Holders; Notices Each Member shall promptly provide the Association Secretary with the name, addresses and telephone number of the holder of any mortgage and/or other security interest in the Member's Unit (the "Mortgage Holder"). The Association shall maintain a roster of the names, addresses and telephone numbers of these Mortgage Holders and shall provide required notices to them regarding the specific encumbered Unit and the Condominium involving condemnation or casualty loss, Declaration or Bylaws amendments, termination or modification of insurance, delinquency in payment of assessments on the specific Unit, or such other events or actions

as a Unit security holder requests or the law or any document related to the mortgage or other security instrument requires. For this purpose the Mortgage Holder shall mean the institution originating the mortgage or the institution servicing the mortgage, if different. It shall be the responsibility of the Unit Owner to promptly provide to the Secretary the information necessary to keep this roster current.

2.05 Annual Meeting of Members The annual meeting of the Members of the Association shall be held in the second week of December of each year at such time and place, or electronically, as the Board of Directors shall establish. The meeting shall be for the purpose of adopting the budget for the following fiscal year, electing Directors and for the transaction of such other business as may come before the meeting.

2.06 Special Meetings of Members There may be special meetings of the Members of the Association.

- (a) Special meetings may be called by a majority of the Board of Directors or by the President of the Association (“the President”) and shall be called if requested in writing by Members representing five (5) or more Units directed to the Secretary of the Association (“the Secretary”), or the Secretary’s designee for this purpose.
- (b) Business at a special meeting shall be limited to the purposes for which the special meeting was called.
- (c) Except for emergency situations as identified in the request or call for the meeting, special meetings of Members shall be held not less than ten (10) nor more than thirty (30) days after the call or request for the special meeting is received by the Secretary.
- (d) In the event of a bona fide emergency, a special meeting may be held not less than twenty-four (24) hours nor more than five (5) days after the request is received by the Secretary.

2.07 Notice Notice of the annual meeting and any general non-emergency special meetings of Members of the Association shall be given to all Members in writing not less than ten (10) days before the date of the meeting.

- (a) In addition to the time, date and place of the meeting or that the meeting will be conducted electronically, such notice shall include an agenda for the meeting noting any items on which a vote will be taken. Such notice may be given by personal delivery, mail, electronic means including email or text, or commercial delivery service. Notice shall be deemed to have been given if the contact information contained in the Roster of Members is used to send the notice.
- (b) Notice of an emergency special meeting shall be given in a manner best calculated to assure that actual notice is received by all Members. Notice of an emergency special meeting shall include the time, date and place of the meeting or that the meeting will be conducted electronically, a statement of the issue or issues to be addressed and, if possible, a statement of the emergency situation giving rise to the meeting.
- (c) Members may waive written notice of a meeting either before, at or after the meeting is held. Attendance at a meeting, other than to object to a failure of proper notice, shall be deemed waiver of notice.

(d) If notice is given as provided hereunder, the failure of any Member to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting.

2.08 Quorum A majority of the Units entitled to be voted at a meeting of the Association shall constitute a quorum for that meeting. Attendance for purposes of determining a quorum shall include Units represented in person and by proxy. In the absence of a quorum, those present may recess the meeting either to a time certain or upon call of the President.

2.09 Voting Voting shall be on a Unit basis, with each Unit having a single, unitary vote regardless of the number of Unit Owners having an ownership interest in the Unit.

(a) Units having more than one owner may designate in writing to the Secretary the name of the individual Unit Owner authorized to cast the Unit's vote and if no such designation is provided, any Member who is a Unit Owner may cast that Unit's vote. If more than one Member having an ownership interest in a Unit attempts to cast the vote of the Unit, that Unit's vote shall not be counted on that question, although it shall continue to be counted for purposes of a quorum. If only one such person is present, it is presumed that person has the right to cast the Unit vote unless there is contrary evidence presented. All voting Members must be in good standing with regard to all regular and special assessments.

(b) Any personal representative, executor or administrator of the estate of any Member, or the guardian or trustee for any Member, may exercise the Member's voting rights. Such persons shall file an affidavit or other proof of their status with the Secretary prior to any vote.

(c) All actions taken at any meeting shall require a majority vote of the Units present in person or by proxy and voting unless the law, the Declaration or these Bylaws require a greater majority.

(d) On a motion supported by not less than ten percent (10%) of the votes present in person or by proxy at a meeting, votes shall be by roll call ballot. Any Member voting a Unit vote may ask that the minutes of the meeting show the Unit abstained or voted in the minority on an issue.

(e) By direction of the Board or on motion supported by not less than two-third (2/3) of the votes present in person or by proxy, an issue may be referred to written ballot with the procedures for distributing, collecting and counting the ballots to be set by the Board of Directors, provided such vote shall be taken within thirty (30) days of the date of the meeting and the results announced in writing to all Members within forty-five (45) days.

(f) Voting rights of a Unit are suspended during any period when a statement of condominium lien has been filed against the Unit in the office of the Clerk of Courts for Dane County, Wisconsin.

(g) Members may give another person authority to represent them and vote on their behalf at meetings of the Association. Each such proxy must be submitted in writing by the Member and filed with the Secretary. A proxy may grant full or limited voting rights and may contain instructions that shall be binding on the proxy holder. Proxies shall be valid for no more than one hundred and eighty (180) days from the date filed with the Secretary unless a shorter period is stated in the proxy.

2.10 Action without Meeting Action on any question may be taken without a meeting of the Members of the Association by unanimous written consent of the Unit Owners authorized to vote on the question.

2.11 Conduct of Meetings The Board shall establish the agenda for the annual meeting of the Members. The agenda for any special meeting shall be established in accordance with the call or request for the meeting. All meetings shall be open to all Members and tenants, provided a meeting may go into executive session on motion supported by a majority of votes present in person or by proxy. Unless specifically invited to address the meeting, only those Members authorized to vote at the meeting shall be allowed to speak at the meeting. The President shall preside at all meetings and in the President's absence the Vice-President, Secretary or Treasurer, in that order. If none of them is available, the President shall designate a presiding officer and if none is designated, the meeting shall elect its own presiding officer as its first order of business.

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

2.13 Presumption of Assent Unit Owners who are present at a meeting of the Members of the Association at which action on any matter is taken shall be presumed to have assented to the action taken unless their dissent is entered in the minutes of the meeting or unless they file a written dissent to the action with the Secretary of the meeting before adjournment of the meeting. The right to dissent shall not apply to Unit Owners who voted in favor of such action.

2.14 Reserved Rights Any action to amend the Declaration or the Bylaws; adopt the annual budget; levy assessments for operations, capital improvements or reserves; make an unbudgeted expenditure in excess of \$10,000 unless a bona fide emergency requires otherwise; incur debt, and acquire or convey property in the name of the Association shall be the sole right and responsibility of the Unit Owners.

2.15 Member Obligations The Association, as a self-managing community of neighbors, requires the support, cooperation and participation of all of the Members.

- (a) Members, within the scope of their talents and abilities, should serve on the Board of Directors and committees if nominated and chosen.
- (b) From time to time, Members may be called upon and should willingly contribute their time and talent to manage special projects that arise.
- (c) Members are required to educate themselves about the issues confronting the Association by reading the material sent to them and by attending meetings whenever possible.
- (d) Whenever a Member makes one or more improvements that increase the current value of the Member's Unit by twenty-five percent (25%) or more, the Member shall provide the Secretary with documentation describing the nature and cost of the improvements. Owners

making lesser improvements to their Units who want to document the improvement for possible coverage under the Association's insurance policies in the event of a future claim shall report the nature of the improvement and its value to the Secretary. It is the responsibility of the Unit Owner to determine the adequacy of the documentation and to preserve it. A Unit Owner also has a duty to provide the documentation to the next purchaser of the Unit. Providing documentation to the Secretary for inclusion in the Association files does not absolve the Unit Owner from the responsibility of maintaining the documentation and providing it to the next owner.

(e) Members shall promptly notify the Treasurer of any change to the institution or account number used by the ACH system to process assessments.

(f) Board and Committee members are volunteers who serve without compensation. Members shall respect these volunteers and cooperate and assist in all ways that make their work easier.

2.16 No Discrimination All persons shall have an equal opportunity for Unit ownership and full participation as Members regardless of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, status as a victim of domestic abuse, sexual assault or stalking, lawful source of income, age, or ancestry.

SECTION III

BOARD OF DIRECTORS

3.01 Authority Subject to those matters specifically reserved to the Unit Owners, all corporate powers of the Association shall be exercised by or under the authority of its Board of Directors and the affairs and policy direction of the Association shall be managed under its control. The Association shall function as the condominium association for the Condominium with all of the powers under the Act and under the Wisconsin Non-stock Corporation Act. By way of extension and not a limitation of these powers, the Board may adopt rules not inconsistent with these Acts or any other applicable law, ordinance or governmental regulation, the Declaration and these Bylaws for the use and operation of the Condominium. The interpretation, implementation and enforcement of the Declaration, these Bylaws and the rules rests with the Board. The Board may retain a manager or a management company to perform the management functions of the Association under the policy control and direction of the Board of Directors.

3.02 Number; Qualification of Directors The Board of Directors shall consist of four (4) Unit Owners directly elected by the Members of the Association to serve as the President, the Vice-President, the Secretary and the Treasurer.

3.03 Election of Directors; Term Directors shall be selected by and from the Unit Owners at the Annual Meeting and shall serve staggered two (2) year terms until their successors are elected and qualified. The terms of office for newly elected Directors will commence on January 1 of the following year.

(a) Directors may serve any number of consecutive terms unless the Board of Directors adopts by resolution a rule establishing a limit on the number of terms any individual may serve consecutively.

(b) The Association shall create and implement a procedure for the solicitation of nominees for Directors and may conduct the election by votes in person or by proxy at the annual meeting of Members.

3.04 Vacancies A vacancy occurring on the Board of Directors due to the resignation, death, removal or disqualification of a Director shall be filled by vote of the Directors remaining in office, even if not a quorum. A Director shall be disqualified if the individual is no longer a Unit Owner or if a statement of condominium lien has been filed against the Director's Unit in the office of the Clerk of Courts for Dane County, Wisconsin. An individual elected to fill a vacancy shall serve the remainder of the term. If all Director positions are vacant at the same time, any five Unit Owners may call for an election by setting the date, time and location of a Special Meeting of the Association and notifying all Unit Owners in writing not less than ten (10) days before the Special Meeting is to be held. The election of Directors is the only business that shall be conducted at this Special Meeting of the Association.

3.05 Removal A Director may be removed from office with or without cause by the vote of a majority of Unit Owners taken at a Special Meeting of the Association.

3.06 Regular Meetings The Board of Directors shall meet in March, June and September, and at such other times as the Board may determine. At the annual meeting of the Members of the Association, the Board shall present the schedule of regular meetings for the coming year. The schedule shall include the date, time and place, or that the meeting will be conducted by electronic means. This information shall be provided to all Unit Owners.

3.07 Special Meetings At the call of the President, or at the written request of any Director, the Board of Directors shall hold a special meeting. Business at a special meeting shall be limited to the purposes for which the special meeting was called. Except for urgent situations as identified in the request or the call for the meeting, a non-emergency special meeting shall be held not less than five (5) nor more than twenty (20) days after the call or request for the special meeting is received by the Secretary. If there is urgent need for action by the Board to deal with a present situation, a special meeting may be held not less than twenty-four (24) hours nor more than five (5) days after the request is received by the Secretary. Special meetings may be held sooner if all Directors waive the time limit. In the event of a bona fide emergency, a special meeting shall be held as soon as possible but at least within twenty-four (24) hours after the request is received by the Secretary, provided it may be held later if all Directors waive the time limit.

3.08 Open Meetings Any Unit Owner may attend any regular or special meeting of the Board of Directors. At the discretion of the Board, attendance by Unit Owners may be limited to electronic means as determined by the Board rather than attendance in person. Meetings held in executive session are restricted to Directors and invitees.

3.09 Notice; Agenda If notice of regular meetings of the Board is given as permitted by Section 3.06, no further notice is required for regular meetings of the Board. However, if the date, time or place of a regular meeting is changed, written notice shall be given ten (10) days prior to the meeting. If a regular meeting is to be conducted by electronic means, instructions for accessing the meeting shall be provided before the meeting.

- (a) The agenda for the annual and regular meetings shall be set by the Directors. The agenda for any special meeting shall be established in accordance with the call or request for the meeting.
- (b) The Secretary shall distribute copies of the agenda for regular meetings and any materials related to agenda items to all Directors at least five (5) days in advance of the meetings. The agenda for these meetings and the materials sent to the Directors shall also be sent electronically in advance of the meeting to all Unit Owners. Unit Owners may have an item included in the agenda of a regular meeting of the Board of Directors by sending a written request for its inclusion to the Secretary not less than ten (10) days before the deadline for the distribution of the agenda.
- (c) Written notice of non-emergency special meetings and urgent meetings together with any agenda or materials shall be distributed to Directors at least twenty-four (24) hours in advance of the meeting, such distribution to be by personal delivery, private delivery service, e-mail, facsimile or any other method assuring timely deliver. The agenda for these meetings and the materials sent to the Directors shall be sent by email in advance of the meeting to all Unit Owners.
- (d) Notice to the Directors of an emergency special meeting shall be either written or verbal and made in the manner best calculated to assure that actual notice is received. Notice of an emergency special meeting shall be given to all Unit Owners in a manner calculated to reasonably assure notice is received to the extent possible under the circumstances.
- (e) Directors may waive written notice of a meeting either before, at or after the meeting is held. Attendance at a meeting, other than to object to a failure of proper notice, shall be deemed waiver of notice.

3.10 Quorum of Directors; Proxies The presence of three (3) Directors, in person or by electronic means, shall constitutes a quorum of the Board of Directors. Proxies shall not be recognized for meetings of the Board of Directors either to determine a quorum or to vote for an absent Director. In the absence of a quorum, the Directors present may recess the meeting either to a time certain or upon call of the President. At any adjourned meeting, any business that could have been transacted at the meeting as originally called may be transacted without further notice.

3.11 Conduct of Meetings Directors must attend regular meetings of the Board of Directors in person or by electronic means.

- (a) All regular meetings shall be open to all Members and tenants whether held in person or by electronic means; however, a meeting may go into executive session on motion supported by a majority vote of the Directors voting at the meeting.
- (b) Unless invited to address a regular meeting or during agenda items specifically providing for others' input, only Directors shall be allowed to speak at the meeting.

(c) The President shall preside at all meetings and in the President's absence the Vice-President, Secretary or Treasurer, in that order. If none of them is available, the President shall designate a presiding officer and if none is designated, the meeting shall elect its own presiding officer as its first order of business.

(d) All action shall be by majority vote of the Directors unless otherwise required.

3.12 Work Sessions The Board may hold unscheduled sessions in person or by electronic means to evaluate bids or contract proposals, consider alleged violations of Association rules and standards, evaluate the suitability of candidates for committee membership, prepare the annual budget, discuss pending or planned litigation, discuss development plans, and consider other matters important to the Association. Work sessions are not official meetings and minutes are not required.

3.13 Action without Meeting Action on any question may be taken by unanimous written consent of the Directors without a meeting. Any action taken without a meeting shall be reported to the Unit Owners at the next regular Board meeting.

3.14 Agents; Committees The Board of Directors may appoint agents and establish committees consisting of Directors, Members, tenants or other individuals to assist it in the performance of its duties and remove them from such offices at its pleasure.

(a) The purpose, procedures, range of action and membership of committees shall be established by the resolution creating them. No committee shall have any authority other than that delegated in the resolution that created it and any final action on any issue not delegated or reserved to the Unit Owners shall be the province of the Board of Directors.

(b) The Board of Directors may name agents who are Members to act in the name of the Association and on its behalf and shall establish by resolution the scope and limitations of authority of such agents.

(c) Officers, agents and committee members are expressly prohibited from performing or engaging in any activity on behalf of the Association that involves the risk of bodily harm, including physical injury, illness, or any impairment of physical condition.

(d) Committee members and agents of the Association shall be considered officers of the Association while acting within the capacity of their appointments.

3.15 Compensation No agent or committee member shall receive compensation from the Association for such service; however, the Association may reimburse agents or committee members for reasonable expenses incurred in the performance of their duties.

SECTION IV

DUTIES OF PRINCIPAL OFFICERS

4.01 Principal Officers The four (4) principal officers of the Association are the President, the Vice-President, the Secretary and the Treasurer.

4.02 President The President shall preside at all meetings of the Board of Directors and shall:

- (a) Execute contracts and financial documents on behalf of the Association, subject to provisions of the Bylaws and specific action by the Board of Directors authorizing other signatories;
- (b) Monitor the activities of local governments and agencies that may impact the Association and alert the other Directors and Members, as appropriate, to possible future issues and concerns;
- (c) Prepare and present at the annual meeting of the Members a written summary of the events and accomplishments of the year including recognition of those Unit Owners who volunteered time and resources for the betterment of the Association;
- (d) Serve, or designate a Member or another member of the Board to serve, as the registered agent for the Association and file the annual reports with the Wisconsin Department of Financial Institutions;
- (e) If there is a manager retained by the Association, the President, or the President's designee, shall be the primary contact with the manager. If no manager or management company has been retained by the Board of Directors, the President or the President's designee shall be the contact and shall monitor performance and otherwise oversee the contracts with providers of services to the Association; and
- (f) Perform all other duties customary to the office and those assigned by the Board of Directors.

4.03 Vice-President In the absence or incapacity of the President, the Vice-President shall assume the functions and duties of the President. In addition, the Vice-President shall maintain a multi-year information management tool (dashboard) reflecting all of the recurring and pending issues and action items that require the attention of the Board; serve as the primary liaison with all committees unless the Board of Directors provides otherwise; and perform all other duties assigned by the Board of Directors.

4.04 Secretary The secretary is responsible for:

- (a) Distributing all notices and materials to the Unit Owners and others;
- (b) The taking and retention of all minutes of meetings, and keeping the minute book with copies of all substantive motions and resolutions;
- (c) The retention of the official records of the Association regardless of medium or format, other than financial records, and for making provision for their review upon proper request by and on behalf of Unit Owners;
- (d) Maintaining current versions of the Condominium Documents and any other official documents and for the reproduction and distribution of amendments to the Condominium Documents, as required;
- (e) Maintaining Association files including contracts entered into by the Association; rosters; Unit rental and leasing information; and records documenting improvements made to a Unit by the Unit Owner;

- (f) Providing at reasonable cost copies of the disclosure materials required for the sale of Units, including the executive summary, and for other documents that the Association is required to disclose;
- (g) Countersigning or attesting to official documents;
- (h) Performing or overseeing the maintaining and updating of the cloud sites for Unit Owners and Board members containing the information and documents as determined by the Board;
- (i) Validating proxies, determining quorums, and counting the votes at meetings of the Members of the Association; and
- (j) The performance of such other duties assigned by the Board of Directors.

4.05 Treasurer The Treasurer or the Treasurer's designee shall be the primary liaison with all financial institutions with which the Association does business and with all insurance companies. The Treasurer shall:

- (a) Supervise the processing, receipt and deposit of all assessments, fees and other income;
- (b) Maintain the financial records of the Association;
- (c) Prepare, verify and execute all checks and other disbursements subject to the procedures established by the Board;
- (d) Prepare and present to the Board and Unit Owners the annual operating budget and assessment schedule, the capital budget, the statutory reserve statement, and periodic financial reports;
- (e) Enforce the collection of amounts due the Association, including penalties and assessments charged to Unit Owners;
- (f) Perform all treasury functions for the Association including cash flow management, investment of reserve funds and operating fund balances, and the processing of Automated Clearing House (ACH) transactions;
- (g) Issue Form 1099-MISC to vendors, file Form 1096, and submit federal tax returns; and
- (h) Perform all other duties assigned by the Board.

4.06 Compensation No Director shall receive compensation from the Association for service as an officer; however, the Association may reimburse Directors for reasonable expenses incurred in the performance of their duties as an officer.

SECTION V

ASSESSMENTS

5.01 Common Expenses Expenditures for the operation, insurance, maintenance, repair, restoration and improvement of the Common Elements and for the operation of the Association are Common Expenses to be shared by the Unit Owners. Common Expenses, except for insurance premiums and reserve assessments, shall be divided equally among the Units. Reserve assessments and insurance premiums shall be allocated among the Units on the basis of their respective undivided percentage interests in the Common Elements, subject to surcharge for increases in insurance premiums due to Unit improvements, as set forth in the Declaration.

5.02 Regular Assessments Regular monthly assessments are those based upon the annual operating and capital budgets as recommended by the Board of Directors and adopted by the Unit Owners. Regular assessments shall be made effective as of the first day of the year, except as specifically provided in the budget, and shall be payable using the Automated Clearing House (ACH) system in equal monthly installments on the first day of each month. Copies of the budget as adopted and each Unit's assessments, stated on both an annual and a monthly basis, shall be provided to each Unit Owner. Failure to provide the budget and assessment statement shall not waive any assessments against a Unit.

5.03 Budget An annual budget for the forthcoming fiscal year shall be prepared by the Treasurer and reviewed by the Board of Directors prior to submission for adoption by the Unit Owners by a majority of Unit votes at the annual membership meeting.

- (a) Not less than five (5) days before the date of the annual meeting of the Members of the Association, the proposed budget shall be distributed by email, personal delivery, US mail or commercial delivery service to all Unit Owners. Failure of a Unit Owner to receive a copy of the proposed budget does not invalidate the approval of the budget by Unit Owners or exempt the Unit Owner from obligations created by it.
- (b) If the Unit Owners fail to approve the budget as proposed, it shall be returned to the Board of Directors for revision and resubmittal and voted on by the Members at a special meeting called for that purpose. The budget may be returned and resubmitted as many time as necessary to obtain approval. If the fiscal year ends before the budget for the next fiscal year has been adopted, the budget and assessments of the prior fiscal year remain in effect.
- (c) The Board may create and eliminate accounts and subaccounts within the Operating Budget and within the Capital Budget as it determines from time to time to be necessary or convenient for the management of the Association finances. The existence of an amount budgeted in an account or subaccount does not establish a requirement that those funds be spent for a specific function or purpose, but only expresses an intention to do so. In order to recognize changing circumstances, higher priorities, or to keep the total Operating Budget or the total Capital Budget in balance, the Board may allocate or reallocate funds among accounts or subaccounts within the respective budgets.
- (d) Notwithstanding anything in these Bylaws to the contrary, if an annual operating budget has a deficit at the end of the fiscal year, the Board shall promptly levy a special assessment sufficient to offset the deficit. The special assessment shall not require approval by Unit Owners and may be levied as a single charge and/or as monthly charges provided that the deficit is fully offset not later than the end of the fiscal year following the fiscal year in which the deficit was incurred.
- (e) The Treasurer may combine regular and special assessments into a single monthly ACH charge to simplify processing and minimize bank costs provided that Unit Owners have been given advance notice that the charges will be combined.

5.04 Capital Expense A Capital Expense shall be paid from operating funds, special assessment or from Reserves if the Capital Expense was planned and funded in advance.

- (a) A Capital Expense is, without duplication, any payment made directly or indirectly for the purpose of acquiring, repairing or replacing fixed assets, real property or equipment that has an expected useful life of, or extends the useful life by, not less than five years, and in accordance with Generally Accepted Accounting Principles (GAAP), would be added as a debit of \$4,000 (2020 value adjusted annually for inflation using the CPI) or more to the fixed assets of the Association.
- (b) A Capital Expense is primarily for a major project that is concerned with a Common Element and/or a Limited Common Element property and is a permanent construction, reconstruction or remodel.
- (c) Expenses are not Capital Expenses if they are for repairs or improvements to landscaping, plantings or the installation, removal or maintenance of such items; or items that are, or should have been, included as maintenance in the annual Operating Budget.
- (d) Generally, Capital Expenses from operating funds will be for equipment, not fixed assets or real property.

5.05 Statutory Reserves The annual operating budget shall include amounts for Reserves to fund future Capital Expenses for extraordinary repairs, periodic replacements and for such purposes, amounts and periods as the Unit Owners may specify by resolution.

- (a) These Reserves shall be in such amounts and for such purposes as may be assigned in the budget or by a Resolution adopted by the Unit Owners and do not have to anticipate the full repair or replacement cost of each element of the Condominium for which they are created.
- (b) A multi-year Resolution created to fund the Reserves shall be reflected in each subsequent Capital Budget until it expires or meets the financial target for which it was created.
- (c) Accumulated Reserves are not refundable to Unit Owners at any time, including upon transfer of their Units.
- (d) A statement of the amount of Reserves and the specific purposes, if any, for which they were created shall be included in the financial records and statements of the Association and any disclosures requested by Unit Owners, Mortgage Holders, or prospective Unit purchasers.
- (e) Proposed uses of Reserves for scheduled or anticipated repairs or replacements shall be included in the annual Capital Budget for the fiscal year in which such work will begin and in each subsequent annual Capital Budget until the work is completed.
- (f) The Reserves shall not be used for operating expenses or to cover a deficit in the annual operating budget;
- (g) Use of Reserves for unbudgeted Capital Expenses in any one fiscal year may be made up to \$10,000.00, or in an amount required by a bona fide emergency, by a three-fourths (3/4) vote of the Board of Directors. Use of reserves for unbudgeted Capital Expenses in excess of \$10,000.00, other than for a bona fide emergency, shall require approval by the membership at a special meeting called for that purpose. If Reserves are used for an unbudgeted Capital Expense, the amount used shall be fully repaid to the Reserve Fund by Special Capital Assessment.

5.06 Special Capital Assessments If unbudgeted Capital Expenses are incurred for which no use of Reserve funds were previously designated, the Board of Directors shall hold a special meeting to present the terms of a special assessment which shall be subject to the approval of the Members. The special assessment must be sufficient to cover the cost of the Capital Expense, and may be made due and payable at such time or times and on such terms as the resolution levying the assessment determines, but repayment must be completed not later than the end of the third fiscal year following the year in which the Reserve funds were used. If the Unit Owners fail to approve the resolution as proposed, it shall be returned to the Board of Directors for revision and resubmittal. The special meeting shall be adjourned until the call of the Board for consideration of the revised resolution and a vote by the Members. The resolution may be returned and resubmitted as many time as necessary to obtain approval. However, if the resolution is not adopted before the budget for the next fiscal year is adopted, the last version of the resolution submitted by the Board to the Unit Owners shall be deemed approved and in effect, notwithstanding anything in these Bylaws to the contrary.

5.07 Insurance Loss Assessments In the event of an insurance loss, the Association's deductible shall be considered an operating expense.

- (a) The Association shall file an insurance claim to recover the loss to Common areas and or Limited Common areas.
- (b) Notwithstanding anything in these Bylaws to the contrary, the Board shall levy one or more special assessments, without additional approval by the Members, equal to the deductible of the Association's insurance coverage and that portion of the claim, if any, that is not covered by insurance. The Board shall adopt by resolution a rule for the assignment of the loss assessment and any uninsured expense. The Board of Directors in its sole discretion has the authority to determine the appropriate allocation to the Units of the Association's deductible and any uninsured expense, taking into consideration the cost or expense of restoring the damaged property; whether fault or negligence caused or contributed to the loss; or other factors affecting the damage of or to the Units, Common Elements or Limited Common Elements. Each Unit Owner's share, if any, shall be in the form of a special assessment.
- (c) Unit Owners shall have personal condominium insurance (HO6 or equivalent) coverage on their Unit issued by a company qualified to do business in the State of Wisconsin and the policy shall include coverage for any deductible under the Association's insurance that is determined to be the Unit Owner's responsibility.
- (d) An insured loss settlement that involves more than one Unit will be allocated for the restoration of the damaged Units on the basis of the current cost to restore the Units to their original construction condition and with the same or better amenities. In making the allocation the Board shall assume that all Units were constructed using the same materials, specifications and amenities. The value of improvements to individual Units made by Unit Owners, before or after initial occupancy, will not be recognized in the allocation process unless the Unit Owner has documentation describing the nature and value of the improvement, the documentation is

presented to the Board for inclusion in the claim submitted by the Association and the documentation is satisfactory to the insurance company.

(e) The documentation of improvements provided by Unit Owners in support of an insurance claim and any documentation previously provided to the Secretary, if available, will be included in the claim documentation filed by the Association. To the extent that the improvements are recognized by the Association's insurance company and result in a larger settlement, the settlement amount will be assigned for the restoration of the Units on the basis of the adjusted current cost to restore the Units.

(f) Improvements made to a Unit, whether reported to the Secretary or not, may be insured by the Unit Owner. The maintenance of insurance by the Association does not relieve nor prohibit Unit Owners from maintaining insurance with limits in excess of those maintained by the Association, on risks not insured by it, or to provide other protection.

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

(a) An assessment shall be considered delinquent if not received by the Treasurer before the fifth day of the month it is due. It is the responsibility of the Unit Owner to promptly notify the Treasurer if any institution or account number change has occurred and to maintain a sufficient balance in the account to allow the ACH assessment to process.

(b) The Board may by resolution recover collection costs, levy a late fee on each delinquent assessment and charge interest on the total unpaid balance at a rate of one and one-half percent (1½%) per month.

(c) The Board may seek to collect any assessments not paid when due by filing a statement of condominium lien against the assessed Unit, by enforcing and foreclosing such lien or by bringing an action for money damages against the Unit Owner personally obligated to pay the delinquent assessments. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving any lien securing the same.

(d) No Unit Owner may waive or otherwise escape liability for the assessments provided herein by asserting nonuse of the Common Elements or Association services, or by abandonment of the Unit.

(e) In addition to all other remedies available to the Association, the Board shall have the right to collect, after any applicable cure period, from any Unit Owner who is in violation of the Declaration, the Association's Articles or Bylaws, or any rules and regulations promulgated hereunder, a fine for each day such violation continues in such amount as is from time to time set forth in the Bylaws or rules.

(f) If a personal check or electronic payment transmission is returned to the Association for non-sufficient funds, the resulting bank fees and a penalty of \$50.00 shall be charged to the Unit Owner.

5.09 Notice to Mortgage Holders The Association shall notify the mortgage holder of any Unit if the Unit is delinquent by sixty (60) days or more in the payment of any installment of regular or special

assessments. Evidence of payment of a Unit's regular assessment shall be sent to the Unit mortgage holder requesting it. Such evidence shall be sent annually, provided any mortgage holder may obtain this information more frequently upon payment of the reasonable cost of such reports to the Association.

5.10 Unit Transfer Assessment On transfer of a Unit, both seller and buyer are responsible for any outstanding assessments due on the Unit. A transfer assessment shall be established by rule and shall commence against each Unit upon its conveyance to the new Unit Owner.

SECTION VI

CONTRACTS; OFFICIAL DOCUMENTS

6.01 Execution The Board of Directors may by resolution name any individual as the agent of the Association to execute any specific contract or class of contracts on its behalf. In the absence of such action, all contracts entered in the name of the Association shall be executed by the President, or Vice-President in the absence or incapacity of the president, and attested by the secretary.

6.02 Attestation Attestation of resolutions, if required for any purpose, shall be made by the Secretary as custodian of the corporate records of the Association. The Board by resolution may authorize an assistant officer to perform this function.

6.03 Conflict of Interest No contract entered by the Association shall be void or voidable on the basis that a Director, whether voting on the contract or abstaining, had an interest in the contract or a relationship with the other contracting party, if the fact of the interest or relationship is disclosed or known to all members of the Board of Directors at the time of the vote and the contract is not unconscionably unfair to the Association, with all presumptions of fairness to support its validity. If the contract is one which must be approved or ratified by the Members, the fact of the interest or relationship shall be disclosed prior to the Members' action.

SECTION VII

RECORDS

7.01 Records The Association shall maintain such books and records and establish such financial accounts as required by law and as may be necessary to accurately reflect the condition and actions of the Association. Such books and records shall be maintained by or under the supervision of the appropriate principal officer of the Association and shall include copies of the Declaration, the Association Articles of Incorporation and these Bylaws and any rules showing all amendments to them (the "Condominium Documents"). Copies of the Condominium Documents shall be provided to any Unit Owner requesting them electronically or at cost.

7.02 Rosters Rosters of the Unit Owners and tenants of Units, and mortgage holders shall be included in the records of the Association.

7.03 Inspection The books and records of the Association are open to inspection by all Unit Owners and their mortgage holders at the Condominium or at the office of the Association manager, if any, during reasonable business hours on advance written request of not less than twenty-four (24) hours, which time period may be waived by the principal officer supervising such records.

7.04 Financial Records The financial records of the Association shall include copies of all budgets, special assessments, financial reports, deposits, checks and other evidences of expenditures, all maintained in a manner permitting reasonable understanding of the transactions and condition of the Association.

7.05 Audit The Board of Directors may create an audit committee to periodically review the financial records of the Association and may have the books of the Association audited by an independent certified public accountant. A mortgage holder may have the books of the Association audited at the mortgage holder's expense.

7.06 Insurance The Association shall maintain copies of the policies evidencing the insurance coverages called for in the Declaration and such additional insurance as may be carried by the Association.

7.07 Electronic Copies The Board may elect to post various documents and records as it deems appropriate to a public website or a Unit Owner website. The posting of a Condominium Document or other document or record to a website satisfies the disclosure and access requirement for that document provided that the Unit Owner or other requester has access to the website. Additionally, at the sole discretion of the principal officer with custody of a Condominium Document or other document or record, a request for a copy of any such document may be satisfied by providing an electronic copy in a format and medium of the officer's choosing, provided the format and medium are in general public use. The officer may elect to deliver the document by email or other means of electronic transmission. The Association has no obligation to provide the hardware or software necessary to display or interpret an electronic version of a Condominium Document or other document or record.

SECTION VIII

LIABILITY; INDEMNIFICATION

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

8.02 Indemnification Directors and officers of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including reasonable counsel fees) actually and necessarily incurred by or imposed upon them in connection with the claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which they may be involved as a party or otherwise by reason of having been a Director or officer of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which they shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of their duties, or in the absence of such final adjudication, any determination of such liability in the written opinion of legal counsel selected by the Association. The foregoing right of indemnification is in addition to and not in limitation of all rights to which such persons may be entitled as a matter of law and inures to the benefit of the legal representatives of such person. The Association may insure its obligations under this subsection.

8.03 Liberal Construction In order for the Association to obtain and retain qualified Directors and officers, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of Directors and officers and, accordingly, the indemnification above provided for shall be granted in all cases unless to do so would clearly contravene applicable law, controlling precedent or public policy.

SECTION IX

AMENDMENT

9.01 Amendment Except as otherwise provided herein, these Bylaws may be amended from time to time by affirmative vote of sixty-seven percent (67%) of the Members at a meeting called for that purpose. Any portion of these Bylaws that merely reflect or give priority to the Declaration may not be amended unless the Declaration is similarly amended.

SECTION X

GENERAL TERMS

10.01 Fiscal Year The fiscal year of the Association shall be the calendar year.

10.02 Seal The Association shall have no corporate seal.

10.03 Interpretation The Board of Directors may interpret the provisions of the Declaration, these Bylaws and any rules adopted and the Board's interpretation shall be controlling unless overturned by a court of competent jurisdiction. Throughout these Bylaws the terms "Members" and "Unit Owners" shall refer to the same overall group of persons.

10.04 Invalidity In case any provision of these Bylaws shall be held invalid by a court of competent jurisdiction, such invalidity shall not render invalid any other provision hereof which can be given effect.

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

10.06 Gender; Number The use in these Bylaws of the generic pronoun known as the singular ‘they’ or its possessive form ‘their’ shall be deemed to include the singular or plural masculine and feminine genders, whenever the context so requires.

10.07 Mortgage Holder As used herein, the term “mortgage holder” shall be deemed to include vendors under land contracts conveying a Unit.

10.08 Written Notice/Consent The terms “written notice”, “in writing” and “written consent” as used herein includes nonverbal methods of delivery including personal delivery, US Mail, email, text, facsimile or other electronic transmission methods that allow the designated recipient to retain the information. Notice shall be deemed to have been given if the contact information contained in the Roster of Members is used to send the notice.