

BYLAWS OF
[VILLAGE ON MAIN]
CONDOMINIUM ASSOCIATION, INC.

BYLAWS

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**BYLAWS
OF
[VILLAGE ON MAIN] CONDOMINIUM ASSOCIATION, INC.**

The following Bylaws are accepted by VILLAGE ON MAIN, LLC, a Wisconsin limited liability company, of the [____] day of [____], 2022 (the “*Effective Date*”), in its capacity as the sole Unit Owner as of the Effective Date.

All defined terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the Declaration of [Village on Main] Condominium (the “*Declaration*”) as recorded in the Dane County register of Deeds Office.

Article I. Purposes

Section 1. Purposes. The purposes for which this corporation is organized and shall be operated are as follows:

(a) to serve as an association of Unit Owners in [Village on Main] Condominium under the Wisconsin Condominium Ownership Act (hereafter the corporation shall be referred to as the “*Association*”);

(b) to serve as a means through which the Unit Owners may collectively and efficiently administer, manage, operate, and control the Condominium in accordance with the Wisconsin Condominium Ownership Act (the “*Act*”), the Declaration, and Chapter 181 of the Wisconsin Statutes; and

(c) to engage in any lawful activity included in and permitted under the Wisconsin Condominium Ownership Act, the Declaration, Chapter 181 of the Wisconsin Statutes, and the purposes for which a nonstock, nonprofit corporation may be organized.

Article II. Offices

Section 1. Principal Office. The initial principal office of the Association shall be located at [701 West Main Street, Waunakee, Wisconsin 53597]. The Association may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may designate from time to time.

Section 2. Registered Office. The initial registered office shall be the same as the principal office.

Article III. Association

Section 1. Membership. The Association shall have one (1) class of voting Membership. The Members shall be all the Unit Owners. Members shall have one (1) vote for each Unit owned. Every Unit Owner, upon acquiring title to a Unit under the terms of the Declaration, or upon entering into a land contract for the purchase of a Unit, shall automatically

become a Member of the Association and shall remain a Member thereof until such time as its ownership of such Unit ceases for any reason, at which time its Membership in the Association shall automatically cease. In the event a Unit is owned by more than one (1) person or entity, the person or entity who shall be entitled to vote for the Unit shall be the person or entity named on a certificate executed by all of the co-owners of the Unit and filed with the Secretary of the Association.

Article IV. Board of Directors

Section 1. General Powers. The management, operation, and duties of the Association are hereby delegated to its Board of Directors pursuant to Section 703.15(1) of the Act. The Board of Directors may elect to retain a manager to carry out some of the duties at the direction of the Board of Directors.

Section 2. Number. The Board of Directors shall be composed of [two (2) representatives from Unit 1, two (2) representative from Unit 2, each appointed by the Unit Owner of such Unit]. A Director must be a Unit Owner or, if a Unit Owner is not a natural person, a shareholder, partner, member, officer, director, trustee, agent, or employee of such Unit Owner;

Section 3. Term of Office. As long as a Unit Owner who is a natural person is a Unit Owner, then that person shall be a Director. As long as the Unit Owner who appointed a Director is a Unit Owner, the representative shall be a member of the Board of Directors, unless removed by such Unit Owner in accordance with the Act and Chapter 181. In the event that a Unit Owner removes the Director it previously appointed, it shall immediately replace such Director by appointing in writing another representative to act as a Director and shall provide notice of such removal and replacement to the other Directors.

Section 4. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary or required for the administration and implementation of the affairs of the Association. Such powers and duties shall be exercised in accordance with the provisions of the Act, Declaration and any of the Condominium Documents. Such powers and duties shall include, but not be limited to, the following:

- (a) To promulgate and enforce rules and regulations (the “***Rules and Regulations***”).
- (b) To contract for and dismiss the services of accountants, attorneys or other employees or agents and to pay to said persons reasonable compensation.
- (c) To adopt an annual budget in which there shall be established the required contribution of each Unit Owner to the Common Expenses.
- (d) To operate, maintain, repair, improve and replace the Common Elements and facilities as provided for in the Declaration and other Condominium Documents.
- (e) To ascertain the amount of and pay the Common Expenses.

(f) To enter into contracts, deeds, leases, or other written agreements which authorize the execution and delivery thereof by the appropriate officers.

(g) To open bank accounts on behalf of the Association and designate the signatories required therefor.

(h) To initiate, prosecute, and settle litigation for itself, the Association and the Condominium, provided that it shall make no settlement which results in a liability against the Board of Directors.

(i) To obtain insurance on behalf of the Association as required by the Condominium Documents, the Act, or both with respect to the Units and the Common Elements and to obtain insurance in accordance with these Bylaws and to settle any claim under any such policies of insurance.

(j) To repair or restore the Property as required by the Act and/or the Declaration.

(k) To own, purchase or lease, hold and sell, or otherwise dispose of, on behalf of the Unit Owners, items of personal property necessary to or convenient in the conduct and management of the business and affairs of the Association and in the operation of the Property, including without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances, and office supplies.

(l) To keep adequate books and records as required by the Act and the Condominium Documents.

(m) To have a corporate seal, if required.

(n) To approve and sign checks and issue payment vouchers.

(o) To pay off liens against any portion of the Property.

(p) To collect Assessments (whether an Assessment, Residential Assessment or Special Assessment) from Unit Owners and deposit the proceeds thereof in the proper accounts.

(q) To borrow money and enter into promissory notes on behalf of the Association when required in connection with the operation and maintenance of the Common Elements, provided that no personal guaranty shall be required of any Unit Owner in relation thereto.

(r) Purchasing on behalf of all Unit Owners any Unit whose Unit Owner has elected to sell such Unit or any Unit which is to be sold at a foreclosure or other judicial

sale. Such authority shall include the power to subsequently sell or otherwise convey such property.

(s) If the Unit Owners elect to hire a Managing Agent, contract for the services of a Managing Agent and to delegate to a Managing Agent all of its foregoing powers, duties, and responsibilities referred to above except for those set forth in subparagraphs (a), (c), (f) (except for contracts under \$5,000.00), (g), (h), (i), (q), and (r), above and to bring, prosecute, or settle litigation.

Section 5. Annual Meetings. The first annual meeting of the Board of Directors shall be held within twelve (12) months following the date of recordation of the Declaration. Unless otherwise determined by the Board of Directors, annual meetings held after the first annual meeting shall be held on the same day of the same month of each succeeding year, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the next succeeding Monday that is not a legal holiday. Annual meetings shall be held at any reasonable time or place, within the [City of Waunakee, in the State of Wisconsin], as determined by the Board of Directors or at the Principal Office of the Association

Section 6. Regular Meetings. The Board of Directors may provide, by resolution, the time and place, within the [City of Waunakee, in the State of Wisconsin], for the holding of regular meetings.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any Director. The person or persons calling such meetings shall fix any time or place, within the [City of Waunakee, in the State of Wisconsin], for holding any special meeting of the Board of Directors.

Section 8. Removal of Members of the Board of Directors. Any Unit Owner may, by written notice to the Board of Directors, remove any Director appointed to the Board of Directors by such Unit Owner and appoint a successor Director. Any Director may be removed from office either with or without cause, by the affirmative vote of a majority of Directors then in office taken at a special meeting of Directors called for that purpose.

Section 9. Incapacity or Death of a Director. If a Director who is a natural person and an actual Unit Owner is incapacitated to the extent that person is unable to perform his or her duties as a Director or if such a Director dies during his or her term as a Director, then a court of competent jurisdiction shall select the Director's successor-in-interest. If a Director is a natural person appointed by a Unit Owner and is incapacitated to the extent that person is unable to perform his or her duties as a Director or if such a Director dies during his or her term as a Director, then such Unit Owner shall remove the Director in accordance with the Act and Chapter 181 and shall immediately appoint a new Director and provide written notice thereof to the Association, provided such Unit Owner is able to act despite the incapacity or death of such Director. If a Unit Owner that is not a natural person is unable to act due to the death or incapacity of a Director, then a court of competent jurisdiction shall select the Director's successor-in-interest.

Section 10. Notice. Notice of a regular meeting shall be given at least thirty (30) days prior to the date thereof and notice of any special meeting shall be given at least ten (10) business days prior to the time thereof. Notices may be given orally or by written notice delivered personally, mailed by United States Mail or by Federal Express or some other similar form of commercial delivery system or sent by facsimile machine to each Director at its last known address, or by telegram. If mailed, a notice shall be deemed to be delivered when deposited in the United States Mail or when deposited with a Federal Express agent or some other agent of a similar form of commercial delivery system so addressed with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when given to the telegraph company. Whenever any notice is required to be given to any Directors of the Association under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of any statute, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting to object to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 11. Telephone Meetings. The Board of Directors may conduct its meetings by means of a conference telephone or similar communication equipment if all persons participating in such meeting can hear and talk to each other at the same time. Such participation shall constitute presence in person at any such meeting.

Section 12. Quorum. Seventy-five percent (75%) of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a quorum is present at a meeting a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 13. Manner of Acting. Actions taken by the Directors must be approved by an affirmative vote or written consent of at least seventy-five percent (75%) of the Directors, provided that not less than one (1) Director appointed by the Owner of Unit 2 shall so approve.

Section 14. Compensation. The Board of Directors shall serve in their capacity as Directors without a salary or any other compensation whatsoever from the Association. Any attempt to provide the Board of Directors with compensation or to otherwise modify this Section 14 of Article IV herein, shall require the unanimous affirmative vote of all the Directors then in office.

Section 15. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such Director makes and enters an abstention in the minutes of the meeting or such Director's dissent is made and entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association within twenty-four (24)

hours after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 16. Informal Action. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of the Directors or Members of such committee.

Section 17. Committees. The Board of Directors may appoint and dismiss committees made up of Unit Owners as the Board of Directors from time to time deems desirable to assist in the administration or operation or affairs of the Condominium.

Article V. Officers

Section 1. Principal Officers. The principal officers of the Association shall be a President, one (1) or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary shall be elected by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary, President and Treasurer, and President and Vice President. All of the Officers shall be subject to the control of the Board of Directors.

Section 2. Election and Terms of Office. The initial Officers of the Association shall be elected by the Board of Directors at the meeting required by Article IV, Section 5 of these Bylaws. Elections of Officers shall thereafter take place at the Association's annual meeting. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until the next annual meeting of the Board of Directors or until his or her successor is duly elected and qualified unless sooner terminated by his or her death, resignation or removal.

Section 3. Removal. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any principal office shall be promptly filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. The President shall, when present, preside at all meetings of the Board of Directors. The President may sign, with the Secretary or any other officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of

Directors or by these Bylaws or some other law to be otherwise signed or executed. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in the event of the President's death or inability to act, the Vice President or if there shall be more than one (1), the Vice Presidents in the order determined by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President or Vice Presidents, as the case may be, shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. Secretary. The Secretary shall: (a) keep any minutes of the Board of Directors, meetings in one (1) or more books provided for that purpose; (b) see that all notices are duly given; (c) be custodian of the corporate books and records of the Association; (d) count all votes at any meeting of the Board of Directors; and, (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the Treasurer shall at the expense of the Association obtain a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever; (c) deposit all monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (d) in general, perform all of the duties as from time to time may be assigned to the Treasurer by the President or by the Board of Directors.

Section 9. Salaries. The Officers shall serve in their capacity as officers of the Association without a salary or any other compensation whatsoever from the Association. Any attempt to provide Officers with compensation or to otherwise modify this Section 9 of Article V herein, shall require the unanimous affirmative vote of all the Directors then in office.

Section 10. Qualifications. All Officers shall be members, managers, officers, employees, or agents of Unit Owners, except for the Officers selected by the Board of Directors when controlled by Directors designated by the Declarant.

Article VI. Indemnification

Section 1. Definitions Relating to Indemnification. For the purposes of this Article VI, the following terms shall have the meanings ascribed to them in this Section:

(a) "Director" or "Officer" shall mean any of the following:

(i) a natural person who is or was a Director or Officer of the Association;

(ii) a natural person 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, joint venture, trust or other enterprise;

(iii) a natural person who, while a Director or Officer of the Association, is or was serving 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; and

(iv) unless the context requires otherwise, the estate or personal representative of a Director or Officer.

(b) "Expenses" shall include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a Proceeding.

(c) "Liability" shall include the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(d) "Party" shall mean a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(e) "Proceeding" shall mean 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 and which is brought by or in the right of the Association or by any other person.

Section 2. Mandatory Indemnification.

(a) The Association shall indemnify a Director or Officer, to the extent he has been successful on the merits or otherwise in the defense of a Proceeding, for all reasonable Expenses incurred in the Proceeding if the Director or Officer was a Party because he is a Director or Officer of the Association.

(b) In cases not included under subparagraph (a), above, the Association shall indemnify a Director or Officer against Liability incurred by the Director or Officer in a Proceeding to which the Director or Officer was a Party because he is a Director or Officer of the Association, unless Liability was incurred because the Director or Officer breached or failed to perform a duty he owes to the Association and the breach or failure to perform constitutes any of the following:

(i) a willful failure to deal fairly with the Association or its Unit Owners in connection with a matter in which the Director or Officer has 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

(iv) willful misconduct.

Determination of whether indemnification is required under this subparagraph (b) shall be made under the provisions of Article VI Section 3 hereof. The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea shall not, by itself, create a presumption that indemnification of the Director or Officer is not required under this subparagraph (b).

(c) A Director or Officer who seeks indemnification under this Section shall make a written request to the Association.

(d) Indemnification under this Section is not required if the Director or Officer has previously received indemnification or allowance of the same Expenses from any person, including the Association, in connection with the same Proceeding.

Section 3. Determination of Right to Indemnification. Unless provided otherwise by a written agreement between the Director or Officer and the Association, determination of whether indemnification is required under subsection (b) of Article VI Section 2 shall be made by one (1) of the following methods: (i) seventy-five percent (75%) of the Directors consisting of the Directors who are not at the time parties to the Proceedings or, if a quorum of disinterested Directors cannot be obtained, by a majority vote of a committee duly appointed by the Board of Directors (which appointment by the Board may be made by Directors who are parties to the Proceeding) consisting solely of two (2) or more Directors who are not at the time parties to the Proceedings; (ii) by a panel of three (3) arbitrators consisting of (a) one (1) arbitrator selected by a quorum of the Board of Directors or its committee constituted as required under (i), above, or, if unable to obtain such a quorum or committee, by a seventy-five percent (75%) vote of the Directors, including directors who are parties to the Proceedings, (b) one (1) arbitrator selected by the Director or Officer seeking indemnification, and, one (1) arbitrator selected by the other two (2) arbitrators; (iii) by a court of competent jurisdiction; or (iv) by any other method provided for under Article VI Section 5.

Section 4. Allowance of Expenses as Incurred. Upon written request by a Director or Officer who is a Party to a Proceeding, the Association may 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 Article VI Section 3 hereof that indemnification under Article VI Section 2 is not required and that indemnification is not ordered by a court under Article VI Section 6. The undertaking under this Subparagraph 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.

Section 5. Additional Rights to Indemnification and Allowance of Expense. Except as provided in this Article VI Section 5, the provisions of Article VI Section 2 and Article VI Section 4 hereof do not preclude any additional right to indemnification or allowance of Expenses that a Director or Officer may have under any of the following:

- (a) the written agreement between the Director or Officer and the Association;
or
- (b) a resolution of the Board of Directors.

Regardless of the existence of an additional right to indemnification or allowance of Expenses, the Association shall not indemnify a Director or Officer or permit a Director or Officer to retain any allowance of Expenses 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 owes to the Association which constitutes conduct under Article VI Section 2(b)(i)-(iv). A Director or Officer who is a Party to the same or related Proceeding for which indemnification or an allowance of Expenses is sought may not participate in a determination under this Subparagraph. None of the provisions contained in this Article VI shall affect the Association's power to pay or reimburse Expenses incurred by a Director or Officer in any of the following circumstances:

- (c) as a witness in a Proceeding to which he is not a Party; or
- (d) as a plaintiff or petitioner in a Proceeding because he or she is or was an employee, agent, Director or Officer of the Association.

Section 6. Court ordered Indemnification. Except as provided otherwise by written agreement between the Director or Officer and the Association, a Director or Officer who is a Party to a Proceeding may apply for indemnification to the court conducting the Proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by

the court under the provisions of Article VI Section 3(iii) or for review by the court of an adverse determination under Article VI Section 3(i), (ii) or (iv).

Section 7. Contract. The assumption by a person of a term of office as a Director or Officer of the Association or, at the request of the Association, as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise, and the continuance in office or service of those persons who are any such Directors or Officers as of the adoption of this Article VI, shall constitute a contract between such person and the Association entitling him or her during such term of office or service to all of the rights and privileges of indemnification afforded by this Article VI as in effect as of the date of his or her assumption or continuance in such term of office or service, but such contract shall not prevent, and shall be subject to modification by, amendment of this Article VI at any time prior to receipt by the Association of actual notice of a claim giving rise to any such person's entitlement to indemnification hereunder.

Section 8. Insurance. The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Association, or is or was serving at the request of the Association as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, regardless of whether the Association would have the power to indemnify him against such liability under the provisions of this Article VI or Chapter 181 of the Wisconsin Statutes.

Section 9. Effect of Invalidity. The invalidity or unenforceability of any provision of this Article VI shall not affect the validity or enforceability of any other provision of this Article VI or of these Bylaws.

Article VII. Assessments

Section 1. Fiscal Year. The fiscal year of the Condominium shall commence on January 1 of each year (except that the first fiscal year shall commence upon the recording of the Declaration) and terminate on December 31 of such year unless otherwise determined by the Board of Directors.

Section 2. Preparation of Budget. The Declarant shall prepare a budget for the first fiscal year of the Condominium (the "**Initial Budget**"). Each year thereafter, the Board of Directors shall adopt a budget at least thirty (30) days before the beginning of the new fiscal year. The annual budget shall provide for an "Operating Fund" and after the sale of the first Unit for a "Reserve Operating Fund" and a "Reserve for Replacement Fund." Promptly upon completion of the budget, the Board of Directors shall send to each Unit Owner a copy of such budget and a statement setting forth the obligation of each Unit Owner pursuant to the provisions of this Article VII to pay its Assessment Interest (except as otherwise expressly stated in the Condominium Documents and the Unit Owner's Statement) of the Common Expenses and reserves based upon such budget. The Operating Fund, Reserve Operating Fund and Reserve for Replacement Fund shall be funded through Assessments, Residential Assessments, or Special Assessments, levied against the Units.

Section 3. Operating Fund. The operating fund shall be used for the payment of current operational Common Expenses that the Association is required to pay on behalf of the Unit Owners ("***Operating Fund***").

Section 4. Reserve for Replacement Fund. The reserve for replacement fund shall be used for future Common Expenses related to replaceable assets that the Association is required to pay on behalf of the Unit Owners ("***Reserve for Replacement Fund***"). Such Common Expenses may include, but not be limited to, replacement of any Common Elements or other equipment used by the Association in the operation of the Condominium. These funds may be kept in the same bank account as the Operating Funds, but must be accounted for separately in the general ledger maintained by the Association.

Section 5. Reserve Operating Fund. From and after the date of sale of the first Unit, the Board of Directors, in an account separate from the Operating Fund and Reserve for Replacement Fund, shall establish and maintain adequate reserves for the payment of extraordinary expenses ("***Reserve Operating Fund***"). The reserve operating fund shall have a balance at least equal to the annual Assessments collected from all the Unit Owners. The initial funding of the Reserve Operating Fund shall come from the buyers of individual Units at the time of closing when they will advance an amount equal to one (1) installment of the regular annual Assessment applicable to such Unit. If at any time the Board of Directors use any portion of the funds in this account, each Unit Owner will be assessed their prorata share of the expenditure. The Declarant is prohibited from using the Reserve Operating Fund to defray any of its expenses for its unit, Residential Common Area Expenses, reserve contributions, or construction costs, or to make up any budget deficits while it is in control of the Association pursuant to Article IV of these Bylaws.

Section 6. Assessments.

(a) Residential Units. After the final budget is prepared, the Board of Directors shall assess each Residential Unit its Assessment Interest of the Assessment. Each Residential Unit Owner shall receive a notice of annual Assessment promptly after the final budget is prepared. The final budget will show the amount assessed to the particular Residential Unit, how that amount was determined, and that one-twelfth (1/12th) of the amount of that Residential Unit's proportionate share of the Assessment is due, in advance, on the first day of each month of the year. The amount due on the first day of each month shall be paid by the Residential Unit Owner to the Association or the Managing Agent, as applicable. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Residential Unit Owners an itemized accounting of the expenses incurred and paid by the Association for such fiscal year, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year.

(b) Commercial Units. After the final budget is prepared, the Board of Directors shall assess each Commercial Unit its Assessment Interest of the Assessment. Each Commercial Unit shall receive a notice of annual Assessment promptly after the final budget is prepared. The final budget will show the amount assessed to the particular Commercial Unit, how that amount was determined, and that one-twelfth (1/12th) of the amount of that Commercial Unit's proportionate share of the Assessment is due, in

advance, on the first day of each month of the year. The amount due on the first day of each month shall be paid by the Commercial Unit Owner to the Association or the Managing Agent, as applicable. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Commercial Unit Owners an itemized accounting of the expenses incurred and paid by the Association for such fiscal year, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year.

Section 7. Special Assessments.

(a) Special Assessments Generally. The Board of Directors shall have the right to make any Special Assessment as provided herein or in the Condominium Documents upon the affirmative vote of seventy-five percent (75%) of all the Directors, provided that not less than one (1) Director appointed by the Owner of Unit 2 shall approve. If such a Special Assessment is levied against a Unit for disrepair or maintenance costs of the Unit incurred by the Association, or for any other matter authorized in the Condominium Documents, then the Unit Owner shall pay the entire Special Assessment.

(b) Deficiency. In the event of a deficiency in any Operating Fund, Reserve for Replacements Fund, or Reserve Operating Fund, the Board of Directors, upon the affirmative vote of seventy-five percent (75%) of all the Directors, provided that not less than one (1) Director appointed by the Owner of Unit 2 shall approve, may at any time assess a Special Assessment against all of the Units, which shall be used to pay any deficiency in any Operating Fund, Reserve for Replacement Fund, or Reserve Operating Fund.

(c) Notice of Special Assessment. Upon the determination of the amount of the Special Assessment, the Board of Directors shall give notice to each Unit Owner of the amount assessed to each Unit, the date when payment of the amount is due and the reason for the Special Assessment.

Section 8. Penalty and Default in Payment. If any payment for any Assessment is not received by the Association within fifteen (15) days after the date such payment is due, a late payment penalty equal to One Hundred Dollars (\$100.00) shall be assessed against the Unit; and if any payment for any Assessment is not received by the Association within thirty (30) days after the date such payment is due, a late payment penalty equal to One Hundred Twenty-Five Dollars (\$125.00) shall be assessed against the Unit for each thirty (30) day period the payment is late. In addition, the Board of Directors shall have the right and duty to attempt to recover such Assessments, together with interest thereon, and the expenses of the proceedings, including attorneys' fees, in an action brought against such Unit Owner, and/or by foreclosure of the lien on such Owner's Units granted by Section 703.16 of the Act. The Association or the Board of Directors, acting on behalf of all Unit Owners, shall have power to purchase any Unit at a foreclosure sale and to acquire, hold, lease, mortgage, convey, vote the votes appurtenant to, or otherwise deal with the same after such purchase. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. The Board of Directors shall also have the right to prohibit such Unit Owner from voting

at a meeting of the Association or serving on the Board of Directors, if the Association has recorded a statement of condominium lien on such Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 9. Books and Accounts. The Treasurer shall keep the books and accounts of Condominium Association in accordance with generally accepted accounting practices. The books and accounts of the Association shall be available for examination by the Unit Owners and contract purchasers, and/or their duly authorized agents or attorneys, and to the holder of any Mortgage, and/or its duly authorized agents or attorneys, during normal business hours.

Article VIII. Rules And Regulations

Section 1. Rules and Regulations. The Board of Directors may enact Rules and Regulations for the use, repair, and maintenance of the Units and Common Elements, provided, that such Rules and Regulations are not contrary to or inconsistent with the Act or any of the Condominium Documents. Copies of and changes to the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

Section 2. Enforcement. The Rules and Regulations in effect from time to time shall be enforced by such means as the Board of Directors deems necessary and appropriate, including recourse to civil authorities, court action if necessary, and monetary fines of not less than \$25.00 per day per violation, nor more than \$100.00 per day per violation.

Article IX. Insurance

Section 1. Directors, and Officers, Liability. Notwithstanding anything in Article VI to the contrary, the Board shall obtain and maintain, in a reasonable amount (not less than the sum of three (3) months' Assessment plus any reserve funds held by the Association), a blanket fidelity bond to protect against wrongful and dishonest acts on the part of the officers, Directors, employees and other agents of the Association, including the Managing Agent, who: (i) administer the affairs of the Association; or (ii) either handle or are responsible for handling the funds held or administered by the Association.

Section 2. Condominium Insurance. The Association, for the benefit of all Unit Owners, shall maintain fire and broad form extended coverage insurance on the entirety of each Unit (consisting of the exterior shell of the Buildings, the Surface Lot, the walls and structure of the Buildings located within the Units, including, but not limited to, the walls, ceilings, windows, floors and floor coverings, heating and central air conditioning systems, plumbing fixtures, water heaters and any improvements and betterments), the Common Elements, the appurtenant fixtures of each Unit and the Common Elements, against loss or damage by fire and such other hazards as the Association or the Board of Directors may deem advisable or as may be required by law, for the full insurable replacement cost thereof, without prejudice to the right of any Unit Owner to also insure any Unit and related property for the benefit of the Unit Owner.

Article X. Repair and Reconstruction After Fire or Other Casualty

Section 1. General Requirements. In the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty and the Condominium regime is not terminated in accordance with Section 9.1 of the Declaration, the Board shall arrange for and supervise the prompt repair and restoration of the Condominium (excluding only betterments and improvements supplied or installed by or other personal property of the Unit Owners in the Units).

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any part of the Condominium, each Unit Owner and the Board shall obtain detailed estimates of reconstruction and repair costs so as to restore the Condominium to a condition as good as that existing before such fire or other casualty. Such costs may also include professional fees and premiums for such bonds as the Board determines to be reasonably necessary or desirable.

(b) Casualty Assessments. If the proceeds of insurance maintained by the Board are not sufficient to defray the estimated costs of reconstruction and repair of the Common Elements, or if at any time during reconstruction and repair, the funds for the payment thereof are insufficient, special casualty assessment in sufficient amounts to provide payment of such costs shall be deemed to be a general obligation of all Unit Owners; accordingly, the Board shall levy such special casualty assessments against all Unit Owners in proportion to the respective Assessed Interest of all Units. Special casualty assessments shall not require the approval of the Association, anything in these Bylaws to the contrary notwithstanding.

(c) Determination Amount of Special Casualty Assessment; Use of Reserve for Replacement Funds. If the Board determines that the repair or reconstruction of any portion of the Condominiums (including one or more Buildings) after a casualty will, upon completion, materially reduce the necessity of maintaining any Reserve for Replacement Fund at its then current level, the Board may utilize such reserve for Replacement Fund to the extent it deems appropriate to reduce or eliminate the amount of any special casualty assessment.

(d) Plans and specifications. Except upon the approval of the Association, any reconstruction or repair of the Condominium in accordance with this Article shall be made substantially in accordance with the plans and specifications under which the Condominium originally was constructed, subject to the requirements of applicable law at the time of such reconstruction or repair.

Section 3. Disbursements.

(a) Construction Fund. The net proceeds of insurance collected on account of casualty, together with any sums received by the Board from collections or special casualty assessments against Unit Owners on account of such casualty, shall constitute a

construction fund which shall be allocated among the Unit Owners and the Association as follows: (i) to the Unit 1 Owner, an amount sufficient to complete any restoration and repair of Unit 1, which funds shall be controlled by the Unit 1 Owner; (ii) to the Unit 2 Owner, an amount sufficient to complete any restoration and repair of Unit 2, which funds shall be controlled by the Unit 2 Owner; and (iii) to the Association, an amount sufficient to complete the restoration of the Common Elements, which funds shall be under the control of the Association. Each party agrees to cooperate with one another to allow the parties to timely complete any necessary restoration and repairs of the Units and Common Elements.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds, and if there is a balance in the construction fund after the payment of all of the costs of reconstruction and repair for which the fund is established, and there are no shortfalls in any other construction fund, the party controlling such construction fund may keep the surplus. If the Association's construction fund has a surplus, such funds shall be distributed to each Unit Owner in proportion to their Assessed Interests.

(c) Common Elements. When damage is to both Common Elements and Units, the insurance proceeds held by the Association shall be applied first to the cost of replacing and repairing those portions of the Common Elements which enclose and/or service the Units, next to the cost of replacing and repairing the perimeter walls of the Units, next to the cost of replacing and repairing the other Common Elements, and the balance, if any, in accordance paragraph (b) above.

Section 4. Common Elements: When Reconstruction Is Not Required. Subject to the terms of the Declaration, if the Board elects not to repair insubstantial damage to the Common Elements, the Board shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all Unit Owners in proportion to their respective Assessed Interests.

Section 5. Conflicts with Declarant's Mortgage. This Article X is subject and subordinate to any mortgage executed by Declarant that encumbers the Condominium or portions thereof, and to the extent of any conflict between any such mortgage and this Article X, the mortgage shall control.

Article XI. Compliance and Default

Section 1. Unit Owners. All Unit Owners shall be governed by and shall comply with the provisions of the Act and the Condominium Documents, as any of the same may be amended from time to time. A default by a Unit Owner shall entitle the Association or an aggrieved Unit owner to the relief as provided in this Article XI.

Section 2. Fines. The Board of Directors may establish and assess fines against Unit Owners for every violation of the Condominium Documents or the Act by the Unit Owner, family

members, guests, invitees, employees and/or agents of the Unit Owner. If a Unit Owner requests in writing a hearing before the fine is imposed, the imposition of the fine shall be suspended until hearing before the Board of Directors is held. Fines are Special Assessments and shall be collectible as such. In any proceeding arising out of any alleged violation by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

Section 3. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Article XII. Amendments

Section 1. Amendments. Subject to the terms of the Declaration these Bylaws may be altered, amended or repealed and new Bylaws adopted by the Board of Directors, at a meeting called for such purpose, by an affirmative vote of all of the Directors. The amendment shall be effective when it is duly adopted and notice of such amendment is delivered to the Unit Owners.

Section 2. Notices. All notices required under these Bylaws shall be in writing and shall be deemed to have been duly given upon delivery if delivered personally or upon mailing if sent by United States mail, first-class postage prepaid, or otherwise as the Act may require or permit at the following:

- (a) if to the Unit Owner, at the address of the Unit owned by such Unit Owner or at such other address as the Unit Owner has provided to the Secretary; and
- (b) if to the Association or its Managing Agent, at the registered office of the Association.

Article XIII. Miscellaneous

Section 1. Invalidity. The invalidity or unenforceability of any portion of these Bylaws shall not affect the validity or enforceability of any other provision of these Bylaws.

Section 2. Captions. The captions and headings of various paragraphs and sections of these Bylaws are for convenience only and are not to be construed as defining or limiting the scope or intent of the provisions thereof.

Section 3. Internal Revenue Code. Notwithstanding anything herein contained to the contrary, no action shall be required or permitted to be taken under these Bylaws or by the officers or Directors of this Association which would not be permitted to be taken by an organization described in Section 528 of the Internal Revenue Code of 1986, as amended.

Section 4. Number and Gender. Whenever used herein, the singular number shall include the plural, the plural the singular and use of any gender shall include all genders.

Section 5. Defined Terms. Terms defined in the Declaration shall have the same meaning herein unless the context clearly indicates to the contrary.

Section 6. Severable. If any of the terms or conditions contained in these Bylaws shall be declared to be invalid or unenforceable by a court of competent jurisdiction, then the remaining provisions and conditions of these Bylaws, or the application of such to persons or circumstances other than those to which it is declared invalid or unenforceable, shall not be affected thereby and shall remain in full force and effect and shall be valid and enforceable to the full extent permitted by law.

Section 7. Conflict with Declaration. These Bylaws are subject and subordinate to Declaration, and to the extent of any conflict between the Declaration and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed and adopted as of the Effective Date.

VILLAGE ON MAIN, LLC,
a Wisconsin limited liability company,

By: _____
Jon Atlas, Authorized Agent