

May 30, 2016

**BY-LAWS
OF
LAKEWOODS VILLAGES ASSOCIATION OF UNIT OWNERS I**

**ARTICLE I
Name and Purpose**

Pursuant to the "Articles of Incorporation of Lakewoods Villages Association of Unit Owners I and the "Condominium Declaration for Lakewoods Villages Condominium I, recorded in the office of the Register of Deeds for Bayfield County, Wisconsin, (herein-after called "Declaration"), the following are adopted as the By-Laws of the Lakewoods Villages Association of Unit Owners I, which is a corporation formed to serve as an Association of unit owners who own real estate as improvements under the condominium form of use and ownership, as provided in the "Unite Ownership Act" under the laws of the State of Wisconsin and subject to the terms and conditions of the Declaration (the corporation may hereinafter sometimes be referred to as "Association").

These By-Laws shall be deemed covenants running with the land and shall be binding on the unit owners, their heirs, administrators, executors, successors and assigns.

**ARTICLE II
Members, Voting and Meetings**

1) Members. Each owner of a unit shall be a member of the Association and shall have one vote for each unit owner, and there shall be only one class of members and their rights shall be as set forth in the Declaration and these By-Laws. It is further provided:

a) Term of Membership. Every unit owner upon acquiring title to a unit, under the terms of the Declaration, shall automatically become a member thereof until such time as his ownership of such unit ceases for any reason, at which time his membership in the Association shall automatically cease. In the event of a lease of a unit, the lessee shall be deemed the owner only to the extent provided in the lease filed with the Board of Directors of the Association.

b) One Membership Per Unit. If title to a unit is held by more than one person, the membership related to that unit shall be shared by such owners in the same proportionate interests and by the same type of tenancy in which the title to the unit is held. Voting rights may not be split and shared membership interests must be voted pursuant to the terms of Paragraph 2 hereof.

c) Transfer of Membership. Each such membership shall be appurtenant to the unit upon which it is based and shall be transferred automatically upon conveyance of that unit. Membership in the Association may not be transferred, except in connection with the transfer of a unit. Upon transfer of a unit, the association shall, as soon as possible thereafter, be given written notice of such transfer, including the name of new owner, identification of unit, date of transfer which the Association may deem pertinent.

2) Quorum and Proxies for Members' Meetings. A quorum for members' meetings shall consist of the presence, in person or by proxy, of members entitled to cast not less than 40% of all votes of the members of the Association. Votes may be cast in person or by proxy. Proxy votes may be cast only by the person they are assigned to and proxies may not be reassigned. Proxies shall be valid only for the particular members' meeting designated therein and must be filed with the secretary before the appointed time of the meeting. The vote of the owners of a unit owned by more than one person or by some other entity shall be cast by a person named in a certificate signed by all of the owners of the unit and filed with the Secretary of the Association. If any meeting of members cannot be organized because a quorum is not present, a majority of the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present without further notice. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

3. Time, Place, Notice and Calling of Members' Meetings. Written notice of all meetings stating the time and place and the purpose for which the meeting is called shall be given by the President or Secretary, unless waived in writing, to each member at this mailing address or electronic mail address as it appears on the books of the Association and shall be mailed, personally delivered or electronically delivered not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting. Members may choose to receive notice of meetings by mail only by stating this preference in writing to the Board of Directors. Notice of meeting may be waived before or after meetings. The annual meeting shall be held in May of each year with thirty (30) days notice. The purpose of the annual meeting shall be for electing directors and of transacting any other business authorized to be transacted by the members. Special meeting of the members shall be held whenever called by the President or any two members of the Board of Directors and must be called by such officers upon receipt of a written request signed by members with one-third or more of all votes entitled to be cast. All meeting of members shall be held at a location within a radius of 15 miles from the Condominium property or within the St. Paul-Minneapolis, Minnesota, Metropolitan area.

ARTICLE III

Board of Directors

1) Names and Qualifications of Directors. The initial Board of Directors shall consist of three (3) persons to serve until the first annual meeting of the Association to be held in May, 1974, and thereafter shall consist of five (5) persons to be classified with respect to the terms for which they severally hold office as set forth in Paragraph 3 below. Each member of the Board of Directors shall be a member of the Association or, in the event that such member of the Association is not a natural person, the appointee of such member of the Association.

2) Powers and Duties of the Board of Directors. The affairs of the Association shall be governed by the Board of Directors. All powers and all duties as shall be necessary for the administration of the affairs of the Association shall be exercised by the Board of Directors. Such powers and duties shall be exercised in accordance with the provisions of the Declaration and the Articles of Incorporation; provided that the board shall not have the authority to contract for materials and/or services for the common area of the Association under any agreement having a duration of more than one year, except upon authorization of a majority vote of the members of the Association.

3) Election and Term of Directors. At the annual meeting of the Association to be held in May, the members shall elect the directors to hold and serve offices in staggered terms. The terms of at least one-third of the directors shall expire annually. Terms of office will be two years and until their successors are duly elected and qualified, or until removal in the manner hereinafter specified. No cumulative voting shall be allowed.

4) Vacancies on Board. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the members shall be filled by a vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until a successor is elected at the next annual meeting of the members at which that class of director is to be elected.

5) Removal of Directors. At any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a majority of the votes of the members entitled to be cast and a successor may then and there be elected to fill the vacancy thus created.

6) Regular Meetings and Notice. A regular annual meeting of the Board of Directors shall be held immediately after, and at the same place, as the annual meeting of the members. Notice of the regular annual meeting of the Board of Directors shall be required.

7) Special Meetings and Notice. Special meetings of the Board of Directors may be called by the President or by two (2) directors on three (3) days prior written notice to each director, given personally or by mail, which notice shall state the time, place and purpose of the meeting.

8) Waiver of Notice. Before, at or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

9) Quorum of Directors – Adjournments. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time without further notice. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted.

10) Fidelity Bonds. The Board of Directors may require that some or all officers and/or employees of the Association handling or responsible for Association's funds shall furnish adequate fidelity bonds. The premiums on any such bonds shall be paid for by the Association.

11) Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Association, if such person (a) exercised and used the same degree of care and skill as a

prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Association or upon statements made or information furnished by officers or employees of the Association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.

ARTICLE IV

Officers

- 1) Designation, Election and Removal. The principal officers of the Association shall be a President, Vice-President, Secretary and Treasurer to be elected annually by the Board of Directors. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor shall be elected at the regular meeting of the Board of Directors, or at any special meeting called for that purpose. Any office, except a combination of the offices of President and Secretary and a combination of the offices of President and Vice-President may be held by the same person.
- 2) President. The President shall be selected from among the members of the Board of Directors and shall be the chief executive officer of the Association. He shall have all the general powers and duties which are usually vested in the office of President, including, but not limited to, the power to sign, together with any other officer designated by the Board, any contracts, checks, drafts, or other instruments on behalf of the Association in accordance with the provision herein.
- 3) Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.
- 4) Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall have charge of the Association's books and records, and shall, in general, perform all the duties incident to the office of Secretary.
- 5) Treasurer. The Treasurer shall have responsibility for the Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and financial records and books of account belonging to the Association. He shall be responsible for the deposit of all moneys and all valuable effects in the name, and to the credit, of the Association in such depositories as may time to time be designated by the Board of Directors. The Treasurer shall also be responsible for the billing and collection of all common charges and assessments made by the Association. *The Board may assign any or all duties and responsibilities of the Treasurer to the managing agent and if no managing agent then to the vendor or vendors that are retained by LVHOA to perform the functions described in this paragraph. [This provision, as amended, became effective on May 30, 2016.]*

ARTICLE V

Operation of the Property

1) Annual Operating Charges. The Board of Directors shall prepare an annual operating budget for the Association in order to determine the amount of the common charges payable by the members to meet the common expenses of the Association for the ensuing year. The budget shall be prepared and determined by the Annual Meeting of each operating year and the amounts required by such budget shall be allocated among the members of the Association as hereinafter provided.

The Board of Directors shall advise all members of the Association in writing of the amount of common charges payable in respect of each unit during each fiscal year. Such advice shall be accompanied by a copy of the current budget and a copy of the operating statement for the previous fiscal year. Such advice and copies shall be handed or mailed to each member within 45 days after the commencement of the fiscal year.

The budget shall provide for two funds, one of which shall be designated the "building fund" and the other the "general fund". The "building fund" shall be further separated into several funds, one for each building which contains units. ~~There shall be a separate building fund to be used for all maintenance, repairs, heating and other operating costs and capital expenditures relating to the common areas of each such building and its sewer and drainage facilities, and casualty insurance premiums relating to such building. The amount of each separate building fund shall be charged only against the units and owners thereof in the building in which the fund relates, and shall be apportioned among the units and owners in direct proportion to the square footage of each unit against the total of the square footage of all units within that building. The separate building fund to be used for all maintenance, repairs, heating and other operating costs and capital expenditures relating to the common areas of each such building and its sewer and drainage facilities relating to such building. Except as hereinafter set forth, the amount of each separate "building fund" shall be charged only against the units and owners thereof in the building in which the funds relate, and shall be apportioned among the units and owners in direct proportion to the square footage of each unit against the total of the square footage of all units within the building. In the event maintenance, repair or replacement authorized by the Board of Directors benefits fewer than all of the units in a building, such as maintenance, repair or replacement of entry doors, sliding doors, windows, patios or decks, the costs thereof may be charged and assessed against those unit(s) and owner(s) benefitted by said maintenance, repair or replacement. [This provision, as amended, became effective on May 30, 2016.]~~ All funds collected by the Association under this provision shall be held and used exclusively for the benefit of the building on which they were assessed.

The general fund shall be used for all maintenance, repairs, utilities, management and other operating costs incurred by the Association in maintaining and improving the common areas and facilities outside of and apart from the buildings which contain units, and including premiums for all liability insurance. The amount of the general fund shall be charged uniformly against all units within the condominium and the respective owners thereof, one equal portion to be charged to each unit and its owner.

The sum of the annual building fund charge against a unit plus the annual general fund charge against that unit shall constitute the annual assessment against that unit for common expenses and such sum shall be prorated and paid quarterly to the Association on or before the first day of each quarter

(January 1, April 1, July 1, and October 1). If not paid on or before the due date, the assessment shall bear interest at the maximum legal rate of interest per annum until paid in full.

The Directors may also use a building fund for the maintenance and repair of any unit if such maintenance and repair is necessary to protect the common property. The full amount of the costs of any such maintenance or repair shall be specifically assessed to the unit owner responsible thereof.

In the event that the Association incurs extraordinary expenditures not originally included in the annual budget, the Directors may levy a further assessment which shall be charged to each owner in proportion to his obligation as set forth herein; provided that no such further assessment or assessments levied for payment in respect of a unit within any calendar year shall aggregate more than a sum equal to 200% of the common charges otherwise payable in respect of such unit in that year, except upon prior approval of a majority of the votes of the members of the Association entitled to be cast, and subject to the petition for revision as hereinafter provided.

If within twenty (20) days of the handling or mailing of the advice as to any annual common charges or further assessments, a petition is presented to the board of Directors protesting against such charges or the budget upon which they are based, and the petition signed by the Association's members representing more than fifty (50%) percent of the interests whose assessments are directly affected by such budget or charges (such 50%) being determined by square footage in the case of a building fund, and by voting rights in the case of the general fund), then the Directors shall notify all interested members of a meeting called for the sole purpose of reviewing such charges or budget before the charges become due. At such meeting, the vote of more than fifty (50%) percent of the interests entitled to vote may revise the budget and charges, and such revised budget and corresponding charges shall replace for all purposes the one previously established; provided, however, that the annual budget and charges may not be revised downward to a point lower than the amount equal to the aggregate of the average total budgets for each of the preceding two years and provided further, that if a budget and charges have not been established and made for any two preceding years, then the budget and charges may not be revised downward until two years of experience exists.

2) Default. If a member of the Association is in default in payment of any charges or assessments for a period of more than thirty (30) days, the Board of Directors, in the name of the Association may: 1) CHARGE A ONE-TIME LATE FEE, 2) CHARGE A MONTHLY INTEREST FEE.

IF A MEMBER OF THE ASSOCIATION IS IN DEFAULT IN PAYMENT OF ANY CHARGES OR ASSESSMENTS FOR A PERIOD OF MORE THAN SEVENTY-FIVE (75) DAYS, THE BOARD OF DIRECTORS (IN THE NAME OF THE ASSOCIATION) MAY: 1) FILE A LIEN AGAINST THE UNIT OR 2) SUSPEND ASSOCIATION MEMBERSHIP PRIVILEGES. (i.e., VOTING, COMMUNICATIONS AND USE OF RECREATIONAL FACILITIES).

IF A MEMBER OF THE ASSOCIATION IS IN DEFAULT IN PAYMENT OF ANY CHARGES OR ASSESSMENTS FOR A PERIOD OF MORE THAN NINETY (90) DAYS, THE BOARD OF DIRECTORS (IN THE NAME OF THE ASSOCIATION) MAY bring suit for and on behalf of the Association as representative of all members to enforce collection of such delinquencies plus accrued maximum legal interest; or to foreclose the lien thereof, as provided by law, and there shall be added to the amount due the costs of suit and the legal interest, together with a reasonable attorney's fee.

ARTICLE VI

Duties and Obligations of Unit Owners

1) Rules and Regulations. The units and the common areas and facilities and limited common areas (hereinafter in this Paragraph sometimes collectively referred to as “commons”) shall be occupied and used in accordance with the Declaration, the Articles of Incorporation, these By-Laws, and the rules and regulations of the Association, including the following:

- a) Use. No unit owner shall occupy or use his unit or the limited appurtenant thereto, or permit the same of any part thereof to be occupied or used for any purpose other than as a private residence for owner, the owner’s family, or the owner’s lessees, or guests.
- b) Obstructions. There shall be no obstruction of the common areas and facilities and nothing shall be stored therein without the prior consent of the Association.
- c) Increase of Insurance Rates. Nothing shall be done or kept in any unit or in the commons which will increase the rate of insurance on the commons, without prior consent of the Association. No unit owner shall permit anything to be done or kept in his unit or in the commons which will result in the “cancellation of insurance on any unit or any part of the commons, or which would be in violation of any law or ordinance. No waste will be committed in the commons.
- d) Signs. No sign of any kind shall be displayed to the public view on or from any unit or the commons without the consent of the Association.
- e) Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept in any unit or in the commons, except dogs, cats or other household pets may be kept in units, subject to the rules and regulations which may be hereafter adopted by the Association regarding same.
- f) Noxious Activity. No noxious or offensive activity shall be carried on in any units or in the commons, nor shall anything be done therein which may be or become any annoyance or nuisance to others.
- g) Alteration, Construction or Removal. Nothing shall be altered or constructed in or removed from the common areas and facilities, except upon the written consent of the Association.
- h) Conflict. The above rules and regulations, and those which may be hereinafter adopted by the Association, are in addition to the Declaration and the documents, contracts, declarations and easements set forth in Paragraph 1 of the Declaration, and in the event of a conflict, the Declaration and contracts, declarations, and easements set forth in Paragraph 1 thereof shall govern.

2) Maintenance and Repair of Units. Every unit owner must perform properly all maintenance and repair work within his own unit which if omitted would affect the project in its entirety or in a portion

belonging to other owners, and such owner shall be personally liable to the Association for any damages caused by his failure to do so.

3) Limited Common Areas. Every unit owner must maintain the limited common areas appurtenant to his unit in clear and proper condition. No objects or structures, other than moveable furniture or decorative pieces, or moveable barbecue grills shall be placed thereon without the prior written consent of the Board of Directors of the Association. Every unit owner shall have the right to decorate the limited common area appurtenant to his unit in a nonstructural manner provided that decorations which are visible from the adjoining streets or other units shall have the prior written approval of the Board of Directors of the Association.

4) Amendment and Adoption of Additional Rules and Regulations. The Board may from time to time adopt additional rules and regulations governing the operation, maintenance, beautification and use of the common areas and facilities, the limited common areas, and the units not inconsistent with the terms of the Declaration or with the contracts, documents, declarations and easements referred to in Paragraph 1 of the Declaration, and the Association's members shall confirm to and abide by all rules and regulations. A violation of any of such rules or regulations shall constitute a violation of the Declaration.

ARTICLE VII

Amendments

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by an affirmative vote of not less than 51% of all votes of the members of the Association entitled to be cast.

ARTICLE VIII

General

1) Fiscal Year. The fiscal year shall begin on the first day of April and end on the last day of March of the following year.

2) Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed therein the name of the corporation and the words "Corporate Seal, Wisconsin".

ARTICLE IX

Miscellaneous

1) Record of Ownership. Every unit owner shall promptly cause to be duly recorded or filed of record the deed, lease, assignment or other conveyance to him of such unit or other evidence of his title thereto and shall file such lease with and present such other evidence of his title to the Board of Directors, and the Secretary shall maintain all such information in the record of ownership of the Association.

2) Mortgages. Any unit owner who mortgages his unit or any interest therein shall notify the Board of Directors of the name and address of his mortgagee, and also of the release of such mortgage and the Secretary shall maintain all such information in the record of ownership of the Association. The Board of Directors at the request of any mortgagee or prospective purchaser of any unit or interest therein shall report to such person the amount of and assessments against such unit then due and unpaid.

3) Indemnity of Officers and Directors. Every person who is or was a director or officer of the Association shall (together with the heirs, executors and administrators of such person) be indemnified by the Association against all loss, costs, damages and expenses (including reasonable attorneys' fees) asserted against, incurred by or imposed upon him in connection with or resulting from any claim, action, suit or proceeding, including criminal proceedings, to which he is made or threatened to be made a party by reason of his being or having been such director or officer, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be proved only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The Association, by its Board of Directors, may indemnify in like manner, or with any limitations, any employee or former employee of the Association with respect to any action taken or not taken in his capacity as such employee. The foregoing rights of indemnification shall be in addition to all rights to which officers, directors or employees may be entitled as a matter of law.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article IX contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been an employee, director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under any by virtue of the Declaration, Wisconsin's Unit Ownership Act, the Articles and By-Laws of the Association, as a member of the Association, or owner of a condominium unit covered thereby.

4) Subordination. These By-Laws are subordinate and subject to all provisions of the Declaration and any amendments thereto and Unit Ownership Act under the laws of the State of Wisconsin, which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or said Unit Ownership Act.

5) Interpretation. In case any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these By-Laws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the unit owners.