

BY-LAWS OF  
CAVALIER TOWNHOUSE CONDOMINIUM ASSOCIATION  
OF UNIT OWNERS

ARTICLE I

Name, Form of Administration and Location of Association

Section 1. Condominium Unit Ownership. The property located in the Town of Cable, Bayfield County, State of Wisconsin (the "Property") known as Cavalier Townhouse Condominiums, has been submitted to the provisions of the Wisconsin Unit Ownership Act by the Declaration (the "Declaration"), recorded in the office of the Register of Deeds, Bayfield County, Wisconsin, on July 6, 1979 in Volume 329 of Records, on pages 362 to 380 inclusive.

Section 2. Applicability of By-Laws and Definitions. These By-Laws are adopted as the by-laws of Cavalier Townhouse Condominium Association of Unit Owners, an unincorporated association, as provided for by §703.15(2), Wisconsin Statutes. The purpose of this Association is to serve as an association of unit owners under the Wisconsin Unit Ownership Act. The provisions of these By-Laws are applicable to the property and to the use and occupancy thereof. The term "Property" and other terms used herein shall, unless the context of the Declaration requires otherwise, have the same meaning as the definitions contained in §703.02 of the Wisconsin Unit Ownership Act.

Section 3. Office. The office of the Association and of the Board of Directors of the Association (the "Board of Directors") shall be located at Route 2, Cable, Wisconsin 54821.

ARTICLE II

Board of Directors

Section 1. Number and Qualification. The affairs of the Association and of the Property shall be governed by the Board of Directors. The Board of Directors shall be composed of four persons, one director from each unit, all of whom shall be owners or spouses of owners or mortgagees of units, or, in the case of partnership owners or mortgagees, shall be members or employees of such partnership, or in the case of corporate owners or mortgagees, shall be officers, stockholders or employees of such cooperations, or in the case of fiduciary owners or mortgagees shall be fiduciaries, or officers or employees of such fiduciaries.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and of the Property, except such powers and duties

as by law or by the Declaration or by these by-laws may not be delegated to the Board of Directors by the unit owners. The Board of Directors shall have full powers and authority necessary for the complete enforcement and administration of the Property and the provisions of the Wisconsin Unit Ownership Act, the Declaration, these by-laws, and rules and regulations herein.

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

Section 4. Election and Term of Office. At the first annual meeting of the unit owners, and at each annual meeting thereafter, the owner or owners of each unit shall designate who shall be their representative on the Board of Directors. The members of the Board of Directors shall hold office until their respective successors shall have been appointed by the respective unit owners.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason shall be filled by the remaining owner or owners of the unit from where the vacancy occurs, or by the personal representative of the estate of any deceased owner, if no living owner exists.

Section 6. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the unit owners shall be held within ten days thereafter, at such time and place as shall be fixed by the unit owners at the meeting at which such Board of Directors shall have been appointed, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 7. Regular meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail or telegraph, at least three business days prior to the day named for such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days' notice to each member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Board of Directors.

Section 9. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any meeting of the

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

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 11. Fidelity bonds. The Board of Directors may, in their discretion, obtain adequate fidelity bonds for officers and employees of the Property handling or responsible for funds. The premiums on such bonds would constitute a common expense.

Section 12. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

Section 13. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any unit owner arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interests of all unit owners in the common areas and facilities. At the option of the Board of Directors,

directors' liability insurance may be obtained and shall be paid for as a common expense.

Section 14. Informal Act. Any action which is required to be taken at a meeting of the Board of Directors or which may be taken at such a meeting, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter. Such consent shall have the same force and effect as a unanimous vote.

### ARTICLE III

#### Unit Owners

Section 1. Annual Meetings. Annual meetings of the unit owners shall be held on the Monday of Memorial Day weekend of each succeeding year. At such meetings, the Board of Directors shall be appointed in accordance with the requirements of Section 4 of Article II of these By-laws. The unit owners may transact such other business at such meetings as may properly come before them.

Section 2. Place of Meetings. Meetings of the unit owners shall be held at such unit of Cavalier Townhouse Condominiums designated by the Board of Directors, or at such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the unit owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by unit owners having 50% of the authorized votes of all unit owners. The notice of any special meeting shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

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

Section 5. Adjournment of Meetings. If any meeting of unit owners cannot be held because of quorum has not attended, a majority of the authorized votes of the unit owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

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

Section 7. Voting. The owner or owners of each unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Each unit owner (including the Declarant and the Board of Directors, if the Declarant or the Board of Directors or its designee, shall then hold title to one or more units) shall be entitled to cast at all meetings of the unit owners the votes appurtenant to each unit owned. Where ownership is in the name of two or more persons, the votes appurtenant to their unit shall be cast collectively.

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

Section 9. Quorum. Except as otherwise provided in these by-laws, the presence in person or by proxy of unit owners having 50% of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

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

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

Section 12. Membership. (a) All unit owners shall be members of the Association. The foregoing is not intended to include persons who hold an interest in a unit merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any unit.

(b) Initial membership in the Association shall be established by the recording of the Declaration in the office of the Register of Deeds for Bayfield County, Wisconsin. Transfer of membership in the Association shall be established by the recording in the office of the Register of Deeds for Bayfield County of a deed or other instrument establishing a change of record title to a unit and the delivery to the Association of a certified copy of such instrument. The prior owner designated by such instrument shall thereby be terminated.

#### ARTICLE IV

##### Officers

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

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

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

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a stock corporation organized under the Wisconsin Business Corporation Law, including but not limited to the power to appoint from among the unit owners any committee which he decides is appropriate to assist in the conduct of the affairs of the Property.

Section 5. 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 act in the place of the President 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 or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the unit owners and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary of a stock corporation organized under the Wisconsin Business Corporation Law.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors and he shall, in general, perform all the duties incident to the office of Treasurer of a stock corporation organized under the Wisconsin Business Corporation Law.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

## ARTICLE V

### Operation of the Property

Section 1. Determination of Common Expenses and Common Charges. The Board of Directors shall from time to time, and at least annually, prepare a budget for the property, determine the amount of common charges required to meet the common expenses of the Property and allocate and assess such common charges against the unit owners according to their respective common interests, with the exception of expenses related to the repair, maintenance or replacement of septic tanks and drainage fields, which shall be assessed to the units serviced by said septic tank and/or drainage field. The common expenses shall include, among other things, the costs of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of Section 2 of this Article V. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including without limitation an amount for working capital, for a general operating reserve, for a reserve fund for replacements and to make up any deficit in the common expenses for any prior year. The common

expenses may also include such amounts as may be required for the purchase or lease by the Board of Directors or its designee, corporate or otherwise, on behalf of all unit owners, of any unit whose owner has elected to sell or lease such unit or any unit which is to be sold at a foreclosure or other judicial sale. The Board of Directors shall advise each unit owner in writing of the amount of common charges payable to him, and shall furnish copies of each budget on which such common charges are based to all owners.

Each unit shall have a separate electric meter and the Association shall maintain meters for any common areas requiring electricity.

Section 2. Insurance. The Board of Directors shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all buildings (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings or other personal property supplied or installed by unit owners), together with all air-conditioning equipment and other service machinery contained therein, and all limited common areas and facilities; such insurance shall cover the Property and shall name as insureds the Association, the Board of Directors, and all unit owners and their mortgagees, as their interest may appear. Each policy shall provide that proceeds shall be payable to the Board of Directors or the insurance trustee as provided herein as trustee for all unit owners and their mortgagees as their interest may appear.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies of physical damage insurance and of all renewal thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of units at least ten days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the buildings including all of the units and all of the common and limited common areas and facilities without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this section.

The Board of Directors shall also obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Directors may from time to time determine, covering each member of the Board of Directors, the managing agent, the manager and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board of



Directors shall review such limits once a year. Until the first meeting of the unit owners, such public liability insurance shall be in a single limit of at least \$500,000 covering all claims for bodily injury or property damage arising out of one occurrence.

Unit owners or their mortgagees shall not be prohibited from carrying other insurance for their own benefit provided that all policies shall contain waivers of subrogation, that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner and that all reasonable efforts shall be made to place such additional insurance with the carrier issuing insurance obtained by the Board of Directors.

Section 3. Repair and Reconstruction After Damage. (a) In the event of any damage to or destruction of common elements as a result of fire or other casualty or otherwise in the amount of \$10,000 or less, the Board of Directors is authorized to and shall arrange for the prompt repair and reconstruction and the Board of Directors or the insurance trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and reconstruction in excess of the appropriate progress payments. Any cost of such repair and reconstruction in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all the unit owners for such deficit as part of the common charges.

By acceptance of the deed to his unit, each unit owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Article V, Section 2 of these by-laws and shall constitute the determination by the Association to repair, reconstruct or rebuild as required by the Wisconsin Unit Ownership Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the Association, then by affirmative vote of the unit owners having more than 0.5% of the authorized votes of all unit owners shall be sufficient to determine to repair and reconstruction.

(b) In the event the Element is destroyed or damaged in an amount in excess of \$10,000, the Association by vote of more than 50% of the authorized votes of all unit owners shall determine within 90 days after such damage or destruction whether to proceed with repair, reconstruction or sale. If the Association determines to repair or reconstruct, the Board of Directors shall arrange for such repair or reconstruction in accordance with the preceding paragraph of this Section. If the Association, within 90 days after such damage or destruction in excess of \$10,000, fails to make a determination of whether to repair, reconstruct or sell, the Property shall be deemed to be owned in common by the unit owners in the same percentages as previously owned by each unit owner in the common areas and be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of

Insurance policies, shall be divided by the Board of Directors or the Insurance trustee, as the case may be, among all the unit owners in proportion to their respective interests in common, after first paying out of the shares of each unit owner, to the extent sufficient for the purposes, all liens on the undivided interest in the property owned by each unit owner.

Section 4. Payment of Common Charges. All unit owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article at such time or times as the Board of Directors shall determine. A late charge of up to \$10.00 may be imposed by the Board of Directors against a unit owner if any balance in common charges remains unpaid by the fifth day of the month when due.

No unit owner shall be liable for the payment of any part of the common charges assessed against his unit subsequent to a sale, transfer or other conveyance by him thereof (made in accordance with the provisions of Section 1 of Article VII of these by-laws). A purchaser of a unit shall be liable for payment of common charges assessed against such unit prior to the acquisition by him of such unit except that if the Board of Directors or the manager furnishes a statement pursuant to Section 703.16, of the Wisconsin Unit Ownership Act, such liability shall be limited to the amount set forth therein, and except that a mortgagee or other purchaser of a unit at a foreclosure sale of such unit shall not be liable for and such unit shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale.

Each unit owner shall be obligated to pay common charges hereunder notwithstanding the fact that he may have a pending dispute with the Association on any matter.

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

Section 6. Default in Payment of Common Charges. In the event of default by any unit owner in paying to the Board of Directors the assessed common charges, such unit owner shall be obligated to pay interest at 12% per year on such common charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid common charges. The Board of Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceedings, including attorney's fees, in an action brought against such unit owner, or by foreclosure of the lien on such unit granted by Section 703.16 of the Wisconsin Unit Ownership Act.

Section 7. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Directors to foreclose a lien on a unit because of unpaid common charges, the unit owner shall be required to pay a reasonable rental for the use of his unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of all unit owners, shall have power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the same unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 8. Statement of Common Charges. The Board of Directors shall promptly provide any unit owner, who makes a request in writing, with a written statement of his unpaid common charges.

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

Section 10. Maintenance and Repair. (a) All maintenance of and repair to any unit, whether interior or exterior maintenance and repair, including structural or non-structural, ordinary or extraordinary, shall be made by the owner of such unit. Each unit owner shall be responsible for all damages to any other unit and to the common areas and facilities resulting from his misconduct, negligence or misuse.

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

Section 11. Use of property. In order to provide for congenial occupancy of the Property and for the protection of the values of the units, the use of the Property shall be subject to the following limitations:

(a) Units 1 through 4 shall be used for residential purposes only.

(b) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

(c) No Immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be complied with. Such compliance shall be accomplished at the sole expense of the unit owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) A unit owner shall not place any furniture, packages or objects in common or limited common areas for facilities, except in an area designated as a storage area and except that a unit owner may place furniture on a balcony or patio assigned to his unit.

(e) No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property, except that each unit may keep one dog or one cat and other small household pets (such as fish, canaries or parakeets) provided that they are not kept, bred or maintained for any commercial purposes. No pet shall be permitted which causes an unreasonable disturbance. Any pet excrement in common areas shall be removed immediately by the owner of the unit in which the pet resides.

Section 12. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the common and limited common areas and facilities shall require additions, alterations or improvements costing in excess of \$10,000, and the making of such additions, alterations or improvements shall have been approved by a majority of the authorized votes of all unit owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all unit owners for the cost thereof as a common charge. Any additions, alterations or improvements costing \$10,000 or less may be made by the Board of Directors without the approval of unit owners and the cost thereof shall constitute a common charge.

Section 13. Additions, Alterations or Improvements by Unit Owners. No unit owner shall make any structural addition, alteration or improvement in or to his unit, nor affix anything to the exterior of his unit nor erect or construct anything in the limited common area assigned to his unit without the prior written consent thereto of the Board of Directors. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any unit shall be executed by the Board of Directors. The Board of Directors shall not be liable to any contractor, subcontractor or materialman or to any persons sustaining personal injury or property damage, for any claim arising in connection with such addition,

alteration or Improvement. The provisions of this Section 13 shall not apply to units owned by the Declarant until such units shall have been initially sold by the Declarant and paid for.

Section 14. Allowable Colors for the Exterior of Buildings. Pursuant to Section 12(b) of the Condominium Declaration, the exterior painting of individual units and of common areas shall be limited to the following colors: natural, white, cream, brown, maroon, soft green or grey.

Section 15. Rules of Conduct. Rules and regulations concerning the use of the units and the common and limited common areas or facilities may be promulgated and amended by the Board of Directors with the approval of a majority of the unit owners. Copies of such rules and regulations shall be furnished by the Board of Directors to each unit owner prior to their effective date.

Section 16. Water charges. Water shall be supplied to all of the units and the common areas and facilities and the Board of Directors shall pay, as a common expense, all charges for water consumed on the property and all expenses reasonably incurred in connection with the common well.

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

## ARTICLE VI

### Mortgages

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

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

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

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

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

## ARTICLE VII

### Sales and Leases of Units

Section 1. Sales and Leases. No unit owner may sell or lease his unit or any interest therein except by complying with the provisions of this Article. A unit owner's sale of his unit shall include the sale of (a) the undivided interest in the common and limited areas and facilities appurtenant thereto; (b) the interest of such unit owner in any units theretofore acquired by the Board of Directors or its designee on behalf of all unit owners, or the proceeds of the sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the Property, hereinafter collectively called the "appurtenant interests".

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

Section 3. Financing of Purchase of Units by Board of Directors. Acquisition of units by the Board of Directors, or its designee, on behalf of all unit owners, may be made from the working capital and common charges in the hands of the Board of Directors or if such funds

are insufficient, the Board of Directors may borrow money to finance the acquisition of such unit; provided, however, that no financing may be secured by an encumbrance of hypothecation of any property other than the unit so to be acquired by the Board of Directors.

Section 4. Waiver of Rights of Partition with Respect to Units Acquired by the Board of Directors. In the event that a unit shall be acquired by the Board of Directors or its designee, on behalf of all unit owners as tenants in common, all such unit owners shall be deemed to have waived all rights of partition with respect to such unit.

Section 5. Rental. Unit owners may rent their units to whomever on a seasonal basis with notice to the Association setting forth therein the name and permanent address of the tenants or terms of rental management agreement.

Section 6. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his unit unless and until he shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against his unit and until he shall have satisfied all unpaid liens against such unit, except permitted mortgages.

Section 7. Membership. Upon the sale of a unit, the purchaser shall become a member of the Association. If a unit owner leases his unit, he shall continue to be a member of the Association.

## ARTICLE VIII

### Records

Section 1. Records and Audits. The Board of Directors or managing agent shall keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meetings of the unit owners, and financial records and books of account of the Property, including a chronological listing of receipts and expenditures, as well as a separate account of each unit which, among other things, shall contain the amount of each assessment of common charges against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Property shall be rendered by the Board of Directors to all unit owners at least annually. In addition, an annual report of the receipts and expenditures of the Property, shall be rendered by the Board of Directors to all unit owners and to all mortgagees of such units who have requested the same, promptly after the end of each fiscal year.

## ARTICLE IX

### Miscellaneous

Section 1. Notices. All notices to the Board of Directors shall be sent by registered or certified mail, c/o the managing agent, or if there is no managing agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any unit owner shall be sent by registered or certified mail to the building or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of units, shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing to the board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

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

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these by-laws or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these by-laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

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

Section 6. Insurance Trustee. The Board of Directors may select an insurance trustee and a successor trustee as needed. The Board of Directors shall pay the fees and disbursements of any insurance trustee and such fees and disbursements shall constitute a common expense.

## ARTICLE X

### Amendments to By-Laws

Section 1. Amendments to by-laws. These by-laws may be amended by the affirmative vote of unit owners having 67% or more of the vote.



## Conflicts

❖ ❖

Dated this 2/11 day of October, 1989.

John E. Chilton  
President