

BYLAWS
OF
WESTCHESTER LAKES HOMEOWNERS ASSOCIATION, INC.

PREAMBLE

The following are hereby adopted as the Bylaws of Westchester Lakes Homeowners Association, Inc.

All present and future Owners, mortgagees, lessees and occupants of Lots and their employees and any other persons who may use the facilities of the subdivision located in the City of Mequon, Ozaukee County, Wisconsin (hereinafter "Subdivision") in any manner are and shall be subject to the Declaration and all amendments to the Declaration, the Articles of Incorporation, these Bylaws and all rules and regulations made pursuant hereto and any amendments hereto. The acceptance of a deed of conveyance or a mortgage or the entering into of a land contract or lease or the act of occupancy of a Lot shall constitute an agreement that the provisions of the Declaration, the Articles of Incorporation, and these Bylaws (and any rules and regulations made pursuant to those documents), as they may be amended from time to time, are accepted, ratified, and will be complied with.

These Bylaws shall be deemed covenants running with the land and shall be binding on the Owners, their heirs, administrators, personal representatives, successors and assigns.

ARTICLE I
NAME, ADDRESS AND PURPOSE

The name of the corporation is WESTCHESTER LAKES HOMEOWNERS ASSOCIATION, INC. (hereinafter "Association"), which is a nonstock, nonprofit corporation organized and existing under the Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes. The initial principal office of the corporation is c/o Republic Development, Inc., 500 West Brown Deer Road, Milwaukee, Wisconsin 53217. The purpose of the Association is to serve as the Association of Owners of the Subdivision of Westchester Lakes located in the City of Mequon, Wisconsin, subject to the terms and conditions of the Declaration of Restrictions and Homeowners Association for Westchester Lakes Subdivision, and any and all subsequent amendments thereto (hereafter the "Declaration").

ARTICLE II
DEFINITIONS

The terms used in these Bylaws shall have the same meanings set forth in Section 1.01 of the Declaration.

ARTICLE III
MEMBERSHIP, VOTING AND MEETINGS

3.1 Membership. The corporation shall have one class of voting Membership, the rights and qualifications of which are described as follows:

(a) Each Lot Owner shall automatically be a member of the Association and shall be entitled to one membership and one vote for each Lot owned, with ownership of a Lot being the sole qualification for membership. The membership in the Association appurtenant to a Lot shall be owned jointly and severally by all co-Owners of the Lot, regardless of the form of tenancy, estate, or interest in the Lot.

(b) Association membership and voting rights shall be appurtenant to each Lot and shall not be assigned, conveyed or transferred in any way except upon transfer of an ownership interest the Lot and then only to the transferee, nor shall membership or voting rights be retained except upon retention of an ownership interest in the Lot. Any attempt to make a prohibited transfer or retention of such rights shall be null and void.

(c) Notwithstanding any provision in the Declaration or these Bylaws to the contrary, the Developer shall be entitled to one membership and one vote for each Lot owned by the Developer.

3.2 Membership List: Notices.

(a) The Association shall maintain a current Membership List. Each Lot Owner shall furnish the information necessary for the Association to maintain such Membership List. Necessary information shall include the name and current mailing address of each Lot Owner.

(b) All notices required to be given to a Lot Owner shall be deemed to have been duly given: at the time of personal delivery to the Lot Owner or the Home of the Lot Owner; or 48 hours after mailing within the State of Wisconsin by regular or certified mail to the Lot Owner's mailing address shown in the Membership List. Notice to one co-Owner of a Lot shall be deemed effective notice to all other co-Owners of such Lot.

(c) Upon transfer of a Lot, the Association shall, as soon as possible thereafter, be given written notice of such transfer, including the name and current mailing address of the new Owner or Owners, date of transfer, and any other information about the transfer which the Association may deem pertinent, and the Association shall make appropriate changes to the Membership List effective as of the date of transfer.

3.3 Association Meetings.

(a) Written notice of all meetings of the Association stating the time, place, and purpose for which the meeting is called shall be given by the President or Secretary to each Lot Owner not less than 5 nor more than 30 days prior to the date of such meeting; provided, however, that notice of any meeting may be waived in writing before or after the meeting.

(b) The annual meeting of the Association shall be held in June of each year for the purpose of electing officers and transacting any other business authorized to be transacted by the Association. The Board shall

select the specific date, time and place of the annual meeting for a given year and shall furnish written notice to each Lot Owner in accordance with Section 3.2.

(c) Special meetings of the Association shall be held whenever called by the President or two officers; however, such meetings must be called upon receipt by the President of a written request signed by Owners with one-fourth or more of all votes entitled to be cast.

(d) A quorum for meetings necessary to conduct Association business shall consist of Lot Owners, present in person or by proxy, representing a majority of all votes entitled to be cast.

(e) The act of a majority of the votes at any meeting at which a quorum is present shall be the act of the Association, unless a greater percentage is required under the Declaration or these Bylaws.

(f) If a quorum is not present at a meeting, no business of the Association shall be transacted; however, the majority of votes present (in person or by proxy) may adjourn the meeting from time to time without further notice if such adjourned meeting at which a quorum is present is held within 15 days of the meeting originally noticed. If a quorum is present at such an adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed.

3.4 Powers of the Association.

(a) Without limitation, the Association shall have the following powers in addition to any others which may be necessary or incidental to performance of any duties or powers of the Association specified in the Declaration or these Bylaws:

1. to levy and enforce payment of General and Special Assessments on the Lots and against Lot Owners;
2. to enforce the Declaration or these Bylaws;
3. to purchase, sell and convey Lots (including the improvements thereon) incident to foreclosure of a lien for any assessments and to acquire real estate as additional Common Area;
4. to enter and execute contracts, deeds, mortgages and documents on behalf of the Association which relate to any Common Area or improvements therefor;
5. to incur indebtedness on behalf of the Association and to execute drafts and other negotiable instruments;
6. to employ the services of any person, firm, or corporation to maintain the Common Areas and Limited Common Areas or to construct, install, repair or rebuild improvements thereon;

7. to acquire, sell, transfer or exchange goods, equipment and other personal property or fixtures in the name of the Association for the operation of the Association;

8. to commence, prosecute, defend or be a party to any suit, hearing or proceeding (whether administrative, legislative or judicial) involving the enforcement of the Declaration or these Bylaws or otherwise involving the exercise of any powers, duties or obligations of the Association;

9. to adopt Rules and Regulations for the management, operation, use and enjoyment of the Common Areas and Limited Common Areas, including fines or penalties which may be enforceable by Special Assessment against any Lot Owner or his/her family or guests violating such Rules or Regulations; and

10. to exercise all other powers necessary to maintain the Common Areas and Limited Common Areas and operate the Association for the mutual use and enjoyment of all Lot Owners.

(b) The President, together with one other officer of the Association, is empowered to negotiate, execute and enter contracts, agreements and other undertakings or documents of any kind on behalf of the Association necessary or incidental to exercise of any powers or obligations of the Association or of the Board under the Declaration or these Bylaws.

ARTICLE IV

BOARD OF DIRECTORS, ARCHITECTURAL CONTROL BOARD AND OFFICERS

4.1 Management of Association by the Board.

(a) The Association and its business, activities and affairs shall be managed by the Board (which shall consist of all the officers of the Association). The Board shall exercise and perform, in addition to the powers, duties and obligations specified in the Declaration or these Bylaws for the Board, all powers, duties and obligations of the Association (except to the extent the Declaration or these Bylaws may otherwise expressly require the prior vote of the Association on a particular matter). Notwithstanding any other provision of the Declaration or these Bylaws to the contrary, Developer shall be entitled to appoint all officers of the Association until such time as 80 percent of all present and future platted Lots in the Subdivision have been sold and fee simple title conveyed by Developer (at which time, all officers of the Association shall be elected by the members of the Association).

(b) The Board may appoint committees consisting of one or more Lot Owners to make recommendations to the Board or the Association on any matter.

(c) No person shall receive any payment for services rendered as an officer of the Association or as a member of any committee unless specifically authorized by prior resolution of the Association. The Board may reimburse

out-of-pocket expenses incurred by an officer or committee member in the performance of his/her duties.

(d) No member of any board or committee or officer of the Association shall be liable to any Lot Owner or to any other party including the Association for any loss or damage suffered or claimed on account of any act, omission, error or negligence of such board or committee member or officer, provided such person acted in good faith, without willful or intentional misconduct.

(e) All decisions of the Board on any matter (including, without limitation, decisions under Section 2.03 of the Declaration) shall be enforceable against any Lot Owner if made in a good faith exercise of the judgment or discretion of its members so long as such decision is not clearly in conflict with the express provisions of the Declaration or these Bylaws. Any Lot Owner or other person seeking to avoid, set aside or challenge any such decision of the Board shall have the burden of proof to establish that such standards were not met at the time the decision was made.

4.2 Architectural Control Board.

(a) All Officers of the Association then in office shall be members of the Architectural Control Board and no other person may be a member of the Board. Each member of the Board shall serve and hold office until a successor is elected or appointed to such office.

(b) The Board shall initially consist of the person(s) appointed by Developer as President, Vice-President, Secretary, and Treasurer of the Association to hold office until successors are appointed by Developer or elected by the Association. Except for officers appointed by Developer, a person must be a Lot Owner or co-Owner of a Lot in order to be eligible to serve as an officer and member of the Board.

(c) Any officer and member of the Board (other than an officer appointed by Developer) may be removed from office with or without cause at any regular or special meeting of the Association by a majority vote of all Lot Owners and a successor may then be elected at that meeting to fill the vacancy thus created or at a special meeting thereafter called for that purpose. Any officer appointed by Developer may be removed at any time by Developer and a successor may then be appointed by Developer.

(d) Vacancies in any officer position and on the Board (caused other than by removal under Section (c) above) and newly created officer positions resulting from an increase in the number of officers shall be filled by a majority vote of the officers then in office and each person so elected shall serve until a successor is either appointed by Developer or elected at the next annual meeting of the Association.

(e) An annual meeting of the Board shall be held immediately after the annual meeting of the Association. No notice of the annual meeting of the Board shall be required.

(f) Regular meetings of the Board shall be held at such times and places as the Board determines by resolution to be appropriate and no notice of regular meetings shall thereafter be required.

(g) Special meetings of the Board may be called by any officer on three (3) days prior notice to each officer, given orally or in writing.

(h) Before, at, or after any meeting of the Board, any officer may (in writing) waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice.

(i) For all meetings of the Board, a quorum necessary to transact business shall consist of a majority of the officers and the act of such majority shall be the act of the Board. If there is less than a quorum present at any meeting of the Board, no business shall be transacted; however, the majority of those present may adjourn the meeting from time to time without further notice if such adjourned meeting at which a quorum is present is held within 15 days of the meeting originally scheduled. If a quorum is present at an adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed.

(j) Any action of the Board authorized under the Declaration or these Bylaws may be taken upon the unanimous consent of all officers without a meeting.

(k) The Board may require that some or all officers and/or employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds, the premiums for which shall be paid for by the Association as a common expense.

4.3 Officers.

(a) The Officers of the Association shall be:

1. A President, who shall: be the chief executive officer of the Association and a member of the Board; be responsible for the proper execution of the business and affairs of the Association (subject to the control of the Board); preside at all meetings of the Association and the Board; have the authority to appoint various committees; have all the general powers and duties usually vested in the Office of President, as well as such other powers and duties as may be prescribed from time to time by resolution of the Association.

2. A Secretary, who shall: be a member of the Board; keep the minutes of all meetings of the Board and of the Association; have charge of all the Association's books and records; maintain the Membership List and keep it current; have charge of delivering all notices and approvals on behalf of the Board and the Association; and, in general, perform all duties incident to the office of Secretary, together with such other powers and duties as may be prescribed from time to time by resolution of the Association.

3. A Treasurer, who shall: be a member of the Board; be responsible for the Association's funds and assets; keep complete and accurate accounts of all receipts and disbursements, financial records, and books of accounts; deposit all monies in the name and to the credit of the Association in depositories as may from time to time be designated by the Board; access and collect all General and Special Assessments made by the Board; and exercise such other powers and duties as may be prescribed from time to time by resolution of the Association.

4. A Vice-President, who in addition to serving on the Board, shall have such other powers, duties and responsibilities as may be prescribed from time to time by resolution of the Association.

(b) All officers shall be elected annually by the Association if not subject to appointment by Developer. Each officer shall hold office until a successor is duly elected or until death, resignation, or removal, whichever first occurs. No person may hold two or more offices at any one time, except that officers appointed by Developer may hold any number of offices.

ARTICLE V OPERATION OF THE PROPERTY

5.1 The Association. The Association, acting through the Board of Directors, shall be responsible for administration and operation of the Subdivision, in accordance with the Declaration, the Deed Restrictions, the Articles of Incorporation, the Bylaws, and the rules and regulations established hereunder.

5.2 Common Expenses and Assessments Against Lots and Lot Owners.

(a) The Board shall pay or arrange for payment for all costs, expenses and liabilities incurred by the Association out of the proceeds of assessments which shall be made against the Lot Owners and their Lots.

(b) "Special Assessments" may be made and levied by the Board against a particular Lot Owner and his, her or their Lot (without levying against other Lots) in accordance with the provisions of the Declaration.

(c) "General Assessments" may be made and levied by the Board equally against each Lot Owner and his, her or their Lot for the following "common expenses" which may be anticipated, incurred or paid by the Association in accordance with the provisions of the Declaration.

(d) The Association shall maintain separate books and records for General and Special Assessment accounts of the Lot Owners, as may be necessary, provided that all funds received from either assessment may be commingled and thereafter disbursed to pay any costs or expenses incurred by the Association which would be subject to General or Special Assessment.

(e) Notwithstanding the provisions of Section 3.10 of the Declaration, Developer shall not be responsible for any assessments levied against any platted Lot prior to a sale of such Lot by Developer.

5.3 Payments of Assessments.

(a) Each Lot Owner shall promptly pay, when due, all General and Special Assessments levied by the Board against such Owner and his, her or their Lot, together with all costs, expenses and reasonable attorney fees incurred by the Association in collection of any delinquent assessment(s). All assessments shall become due as the Board may determine appropriate (in a lump sum or in installments with or without interest). Time is of the essence with respect to all payments.

(b) All co-Owners of a Lot shall be jointly and severally liable for all General and Special Assessments levied against the Lot, regardless of the type of tenancy, estate or interest in the Lot (whether as joint tenants, tenants-in-common, land contract purchaser(s) or seller(s), or otherwise).

ARTICLE VI AMENDMENTS

6.1 Change in Bylaws. These Bylaws may be altered or repealed and new Bylaws may be adopted by the Lot Owners at any meeting called for such purpose by an affirmative vote of sixty-seven percent (67%) of all the votes entitled to be cast.

6.2 Rights of Developer. No amendment of these Bylaws shall alter or abrogate the rights of Developer as contained in these Bylaws.

ARTICLE VII MISCELLANEOUS

7.1 Record of Ownership. Every Lot Owner shall promptly cause to be duly recorded or filed of record the deed, lease, assignment or other conveyance to him or her of such Lot or other evidence of his or her title thereto, and shall file such lease with and present such other evidence of his or her title to the Board, and the Secretary shall maintain all such information in the Membership List of the Association.

7.2 Indemnity of Officers and Directors. Every person who is or was a director or an officer of the Association (together with the heirs, executors and administrators of such person) shall be indemnified by the Association against all loss, costs, damages and expenses (including reasonable attorneys' fees) asserted against, incurred by or imposed upon him or her in connection with or resulting from any claim action, suit or proceeding, including criminal proceedings, to which he or she is made or threatened to be made a party by reason of his or her being or having been such director or officer, except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for negligence or willful misconduct. In the event of a settlement, indemnification shall be provided 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 negligence or willful misconduct in the performance of his or

her duty as such director or officer in relation to the matter involved. The Association, by its Board, 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 or her 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, to the extent not covered by insurance, shall be treated and handled by the Association as common expenses; provided, however, that nothing contained in this section shall be deemed to obligate the Association to indemnify any Lot Owner 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 or her under and by virtue of the Declaration, the Act, the Articles and Bylaws of the Association, as a member of the Association or Lot Owner of a Lot covered thereby.

7.3 Subordination. These Bylaws are subordinate and subject to all provisions of the Declaration which shall control in case of any conflict.

7.4 Interpretation. (a) In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board to conduct or engage in any active business for profit on behalf of any or all of the Owners.

(b) These Bylaws shall be construed and interpreted in favor of restricting the use of each Lot consistent with the purposes hereof and any ambiguity shall be resolved against any Lot Owner who installs any structure or engages in any activity not clearly authorized under these Bylaws or approved in writing by the Board.

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