

**BYLAWS OF
WOODED VALLEY ESTATES SOUTH HOMEOWNERS
ASSOCIATION, INC.**

ARTICLE I:

Plan of Administration

Section 1. Description of Real Property

Certain property located in the Village of Caledonia, Racine County, State of Wisconsin, has been platted by The Newport Group, Ltd. (hereinafter "Developer") as Wooded Valley Estates South Subdivision ("Subdivision") by a Plat of Subdivision ("Plat") recorded in the office of the Register of Deeds for Racine County, Wisconsin. The Subdivision includes Lots 1 through 27 and Outlots 1, 2, 4 and 5 (the "Property") which Outlots are intended to be held and administered as conservation areas for the enjoyment and use of all lot owners. The Property is subject to a Conservation Easement granted to the Kenosha/Racine Land Trust, Inc. and the Village of Caledonia for the preservation and management of the open space (the "Conservation Easement") and to the Conservation and Stewardship Plan prepared by Thompson and Associates Wetland Services, LLC, dated February 13, 2006 and revised May 12, 2006 (the "Stewardship Plan").

Section 2. Adoption of Bylaws

These Bylaws are adopted as the Bylaws of the Wooded Valley Estates South Homeowner's Association, Inc. ("Association"), a corporation organized under the Wisconsin Nonstock Corporation Law to serve as an association of lot owners. The provisions of these Bylaws apply to the Property and to the use and occupancy of the Property.

Section 3. Office and Mailing Address

The initial office and mailing address of the Association and of the Board of Directors of the Association ("Board of Directors") shall be located at 6949 Mariner Drive, Racine, Wisconsin, 53406.

ARTICLE II

Board of Directors

Section 1. Number and Qualification

Until election of a new Board of Directors by lot owners, pursuant to Section 1 (c), Article III of these Bylaws, the Board of Directors shall consist of those persons named as directors in the Articles of Incorporation or those persons elected as provided in Section 1 (b), Article III of these Bylaws. Thereafter the Board of Directors shall be composed of three

persons, each of whom shall be owners of lots, fiduciary owners, members or employees of partnership owners, or officers, stockholders or employees of corporate owners, and one of whom may be the spouse of a lot owner or a mortgagee of a lot, a fiduciary mortgagee, a member or employee of a partnership mortgagee or an officer, stockholder or employee of a corporate mortgagee.

Section 2. Powers and Duties

The affairs of the Association and the Property shall be governed by the Board of Directors. 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 those powers and duties as by law or by these Bylaws may not be delegated to the Board of Directors by the lot owners or which have been specifically reserved by or to the lot owners. The Board of Directors shall have full powers and authority necessary for or desirable for the complete enforcement and administration of the Property and these Bylaws.

Section 3. Managing Agent and Manager

The Board of Directors may employ for the Property a managing agent or manager at a compensation established by the Board of Directors to perform the duties and services as the Board of Directors shall authorize.

Section 4. Election and Term of Office

At the first annual meeting of the lot owners, the term of office of one member of the Board of Directors shall be fixed at three years, the term of office of one member of the Board of Directors shall be fixed at two years, and the term of office of one member of the Board of Directors shall be fixed at one year. At the expiration of the initial term of office of each member of the Board of Directors, a successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the lot owners.

Section 5. Removal of Board Members

At any regular or special meeting of lot owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the authorized votes of all lot owners, and a successor may be elected to fill the vacancy created. Any member of the Board of Directors whose removal has been proposed by the lot owners shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies

Vacancies in the Board of Directors caused by any reason other than the removal of a member by a vote of the lot owners, shall be filled by a vote of a majority of the remaining Board members at a special meeting of the Board of Directors held for the purpose promptly after the occurrence of the vacancy even though the members present at the meeting may be less than a quorum, and each person so elected shall be a member of the Board of Directors until a successor is elected at the next annual meeting of the lot owners.

Section 7. Organizational Meeting

The first meeting of the members of the Board of Directors following the first annual meeting of the lot owners shall be held within ten days after the annual meeting, at a time and place fixed by the lot owners at the meeting at which the Board of Directors has been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute the meeting, providing a majority of the whole Board of Directors shall be present at the meeting.

Section 8. Regular Meetings

Regular meetings of the Board of Directors may be held at the time and place as determined from time to time by a majority of the members of the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail, at least 48 hours prior to the time of the meeting.

Section 9. Special Meetings

Special meetings of the Board of Directors may be called by the President on 48 hours notice to each member of the Board of Directors, given by mail, and the 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 one member of the Board of Directors.

Section 10. Waiver of Notice

Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and the waiver shall be deemed equivalent to the giving of the notice. Attendance by a member of the Board of Directors at any meeting of the Board shall be a waiver of notice of the time and place of the meeting. 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 the meeting.

Section 11. Quorum of Board of Directors

At all meetings of the Board of Directors, a majority of the members 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 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 12. Fidelity Bonds

The Board of Directors shall obtain fidelity bonds for all officers and employees of the Association handling or responsible for funds. The premiums on the bonds shall constitute a common expense.

Section 13. Compensation

No member of the Board of Directors shall receive any compensation from the Association for acting as a Director.

Section 14. Liability of the Board of Directors

The members of the Board of Directors shall not be liable to the lot owners for any mistake of judgment, failure to adhere to the provisions of these Bylaws, negligence or otherwise, except for their own individual willful misconduct or bad faith. The lot 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 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 the lot owners 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 shared equally by all of the lot owners, and the liability of any single lot owner shall be limited to an equal proportionate share of the total liability. At the option of the Board of Directors, Directors liability insurance may be obtained and shall be paid for as a common expense.

Section 15. Informal Action

Any action which is required to be taken at a meeting of the Board of Directors or which may be taken at 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. The consent shall have the same force and effect as a unanimous vote.

ARTICLE III

Membership

Section 1. Annual Meetings

(a) Until the first annual meeting of the lot owners as described below, until the Developer designates otherwise, or until the lot owners elect a member of the Board of Directors pursuant to this section prior to the first annual meeting of the lot owners, the initial Board of Directors named in the Articles of Incorporation of the Association shall serve as the Board of Directors.

(b) Upon conveyance of 75% of the lots in Wooded Valley Estates South, the Developer shall call a meeting of the lot owners. At such meeting one of the designees of the Developer on the Board of Directors shall resign, and the lot owners other than the Developer shall elect a successor by vote of a majority of those lot owners. Any successor shall serve until the first annual meeting of the lot owners. If the successor shall resign prior to the first annual meeting of the lot and unit owners, a successor shall be elected in the same manner.

(c) At the time 100% of the lots in Wooded Valley Estates South shall have been sold and conveyed by the Developer or such earlier time as determined by the Developer, the

Developer shall call the first annual meeting of the lot owners. At this meeting the designees of the Developer and any other members of the Board of Directors elected by the lot owners shall resign as members of the Board of Directors, and all the lot owners shall elect a new Board of Directors. Thereafter the annual meeting of the lot owners shall be held on the second Monday of January of each succeeding year. At such meetings the Board of Directors shall be elected by ballot of the lot owners in accordance with the requirements of Section 4 of Article II of these Bylaws. The lot owners may transact other business at the meetings as may properly come before them.

Section 2. Place of Meetings

Meetings of the lot owners shall be held at the principal office of the Association or at any other suitable place convenient to the lot 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 lot owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by lot owners having 25% of the total authorized votes of all 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 lot owner of record or cause to be delivered to each lot owner a notice of each annual or special meeting of the lot owners, at least 10 but not more than 20 days prior to the meeting, stating the purpose of the meeting as well as the time and place where it is to be held.

Section 5. Adjournment of Meetings

Any meeting of lot owners at which a quorum has or has not attended may be adjourned at the option of the lot owners by vote of a majority of the authorized votes of the lot owners who are present, either in person or by proxy, at the meeting.

Section 6. Voting

Each lot shall be entitled to one vote in matters affecting the Association. Each lot shall furnish the Association with the owner's name and current mailing address. No lot owner may vote at meetings of the Association until this information is furnished. The owner or owners of each lot, or some person designated by the owner or owners to act as proxy and who need not be an owner, shall be entitled to cast the vote belonging to the lot at all meetings of lot owners. The designation of any 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. Any proxy shall be effective only for a maximum period of 180 days following its issuance unless granted to a mortgagee, land contract vendor or lessee of a lot. Each lot owner (including the Developer and the Board of Directors, if the Developer, or the Board of Directors or its designed, shall then hold title to one or more lots) shall be entitled to cast at all meetings of the lot owners the vote belonging to each lot owned. Where ownership is in the name of two or

more persons, the vote may be cast by any one joint owner; provided, however, that if any joint owner protests promptly the casting of the vote to the person presiding over the meeting or files a written statement with the Secretary stating that thereafter the vote must be cast prorata in accordance with each joint owner's interest in the lot, then the vote shall thereafter be cast prorata by all joint owners in accordance with their interests in the lot. Where a lot is leased the lessor shall be entitled to vote the vote belonging to the lot (where there are two or more lessors, they shall be considered joint owners). Where the lot is sold under a land contract, the land contract vendee shall be entitled to vote the vote for that lot (where there are two or more vendees, they shall be considered joint owners.) Notwithstanding the provisions of this section, if the Association has recorded a statement of lien on a lot and the amount necessary to release the lien has not been paid at the time of the meeting, that lot owner may not vote at the meeting.

Section 7. Majority of Lot Owners

As used in these Bylaws, the term "majority of lot owners" shall mean those lot owners having more than 50% of the authorized votes of all lot owners present in person or by proxy and voting at any meeting of the lot owners, determined in accordance with the provisions of Section 6 of this Article III.

Section 8. Quorum

Except as otherwise provided in these Bylaws, the presence in person or by proxy of lot owners having 33-1/3% of the total authorized votes of all lot owners shall constitute a quorum at all meetings of the lot owners.

Section 9. Majority Vote

The vote of a majority of lot owners at a meeting at which a quorum shall be present shall be binding upon all lot owners for all purposes except where a higher percentage vote is required by law or by these Bylaws.

Section 10. Action by Unanimous Consent

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

Section 11. Membership

(a) All lot owners shall be members of the Association. This is not intended to include persons who hold an interest in a lot merely as security for the performance of an obligation. Land contract vendors shall not be members; land contract vendees shall be members. Membership shall belong to and may not be separated from ownership of any lot.

(b) Initial membership in the Association shall be established by the recording in the office of the Register of Deeds for Racine County, Wisconsin of a deed or other conveyance from the Developer establishing a change of record title to a lot in the Subdivision or the recording in that office of a land contract from the Developer. Transfer of membership in the

Association shall be established by the recording in the office of the Register of Deeds for Racine County, Wisconsin of a deed or other instrument establishing a change of record title to a lot in the Subdivision or the recording in that office of a land contract. A certified copy of the instrument or land contract shall be delivered to the Association by the transferee or vendee. The transferee designated by the instrument or the vendee shall then become a member of the Association, and the membership of the prior owner or vendor shall then be terminated. Until delivery, the transferee or vendee shall not be entitled to vote as a member of the Association and shall not be entitled to notice of meetings of lot owners. The Association shall maintain a current roster of names and addresses of every lot owner to whom notice of meetings of the Association must be sent.

ARTICLE IV

Officers

Section 1. Designation, Election and Removal

The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected annually by the Board of Directors. The Board of Directors may appoint such other officers as in its judgment may be necessary. The President and Vice President must be members of the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary and President and Vice President. Any officer may with or without cause, be removed by the Board of Directors, and a successor selected, by majority vote of the members of the Board of Directors, at any regular meeting of the Board of Directors, or at any special meeting called for that purpose.

Section 2. President

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the lot owners and of the Board of Directors. He shall have all of the general powers and duties of the President of a stock corporation organized under the Wisconsin Business Corporation Law, including, but not limited to, the power to appoint lot or unit owners to any committee which is established under these Bylaws.

Section 3. Vice President

The Vice President shall take the place of, and perform the duties of, the President 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 requested by the Board of Directors or by the President.

Section 4. Secretary

The Secretary shall keep the minutes of all meetings of the lot owners and of the Board of Directors, have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties of the Secretary of a stock corporation organized under the Wisconsin Business Corporation Law. The Secretary shall count the votes at meetings of the Association.

Section 5. Treasurer

The Treasurer shall be responsible for Association funds and securities and 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. The Treasurer 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 shall, in general, perform all the duties of Treasurer of a stock corporation organized under the Wisconsin Business Corporation Law.

Section 6. Agreements, Contracts, Deeds, Checks

All agreements, contracts, deeds, leases, checks and other instruments of the Association may be executed by any two officers or by such other person or persons as may be designated by the Board of Directors.

Section 7. Compensation of Officers

No officer shall receive any compensation from the Association for acting as an officer.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses

The Board of Directors shall, at least annually, prepare a budget, determine the amount of the common expenses for the forthcoming year and allocate and assess the common expenses against the lot owners in equal shares. The assessment for common expenses for the entire year shall be effective as of January 1 of each year but shall be payable at such time or times as the Board of Directors shall determine. The common expenses shall include, among other things, the cost 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 replacement and for making up any deficit in the common expenses for any prior year. The Board of Directors shall advise each lot owner in writing of the amount of common expenses payable by the lot owner, and shall furnish copies to all lot owners of each budget on which the common expenses are based.

Section 2. Insurance

The Board of Directors shall obtain and maintain, to the extent obtainable and required, fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring any permitted structure located on real property owned by the Association and any personal property owned by the Association. The insurance shall cover the property and shall name as insured the Association, in an amount equal to not less than the replacement value of the structure(s) or other improvements, without deduction for depreciation. Each policy shall provide that adjustment of loss shall be made by the Association and that the net insurance proceeds shall be payable to the Association. 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 the policies may not be canceled or substantially modified without at least ten days prior written notice to all insureds. Prior to obtaining any policy of fire insurance or any renewal of the policy, the Association shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the improvements without deduction for depreciation, for the purpose of determining the amount of fire insurance to be purchased by the Board of Directors shall also obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Association may from time to time determine covering each member of the Board of Directors, the managing agent, the manager, and each lot and unit owner, as their interests appear. The Board of Directors shall also obtain and maintain, to the extent obtainable, appropriate fidelity bond coverage for any person handling Association funds. The public liability coverage shall cover cross liability claims of one insured against another. The Board of Directors shall review the insurance limits at least once each year. Until the first meeting of the Board of Directors following the first annual meeting of the lot owners, the public liability insurance shall be in a single limit of at least \$1,000,000.00 covering all claims for bodily injury or property damage arising out of one occurrence. The Association may obtain and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws. Lot owners or their mortgagees or land contract vendors shall not be prohibited from carrying other insurance for their own benefit, provided that all policies shall contain waivers of subrogation, and that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any additional insurance.

Section 3. Repair and Reconstruction After Damage

(a) If there is damage to or destruction of property owned by the Association and/or any permitted structures or improvements located thereon in the amount of \$3,000.00 or less, whether or not the insurance proceeds, if any, are sufficient to complete repair or reconstruction, the Board of Directors is authorized to and shall arrange for the prompt repair and reconstruction and the Board of Directors shall disburse any insurance proceeds to the contractors engaged in the repair and reconstruction in appropriate progress payments. Any cost of repair and reconstruction in excess of the insurance proceeds shall be a common expense, and the Board of

Directors may assess all of the lot owners for the deficit as part of the common expenses. By acceptance of the deed to a lot, each lot owner shall be deemed to have consented to this authorization and direction for repair and reconstruction. The authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 10, Article III of these Bylaws and shall constitute the determination by the lot owners and the Association to repair or reconstruct. If the determination to repair and reconstruct is submitted to the vote of the lot owners, then the affirmative vote of one lot owner shall be sufficient to determine to repair or reconstruct.

(b) If there is damage to or destruction of property owned by the Association and/or any permitted structures or improvements located thereon in excess of \$3,000.00, and the insurance proceeds, if any, together with an amount not exceeding \$3,000.00 are insufficient to complete repair or reconstruction, the Association, by vote of a majority of lot owners, shall determine within 90 days after the damage or destruction whether to proceed with repair or reconstruction. If the Association determines to repair or reconstruct, the Board of Directors shall arrange for the repair or reconstruction in accordance with the preceding paragraph of this Section 3. If the Association, within 90 days after such damage or destruction in excess of \$3,000.00, fails to make a determination of whether to repair or reconstruct under this paragraph (b), any insurance proceeds shall be added to the common reserves of the Association.

(c) If there is damage to or destruction of property owned by the Association and/or any permitted structures or improvements located thereon in excess of \$3,000.00, if the insurance proceeds together with an amount not exceeding \$3,000.00 are sufficient to complete repair or reconstruction, the Board of Directors is authorized and shall arrange for the repair or reconstruction in accordance with paragraph (a) of Section 3, Article V. By acceptance of the deed to a lot, each lot owner shall be deemed to have consented to this authorization and direction for repair and reconstruction. The authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 10, Article III of these Bylaws and shall constitute the determination by the lot owners and the Association to repair or reconstruct. If, notwithstanding the foregoing provisions of this paragraph (c), a determination is submitted to the vote of the lot owners, then the affirmative vote of one lot owner shall be sufficient to determine to repair or reconstruct.

Section 4. Payment of Common Expenses

All lot owners shall pay the common expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V at such times as the Board of Directors shall determine. A late charge of up to \$20.00 may be imposed by the Board of Directors against a lot owner if any balance in common expenses remains unpaid by the 10th day of the month when due. No owner shall be liable for the payment of any part of the common expenses assessed against the lot after a sale, transfer or other conveyance of the lot by the owner (made in accordance with the provisions of Section 1, Article VII of these Bylaws). A purchaser of a lot shall be liable for the payment of common expenses assessed against the lot before the acquisition by the

purchaser of the lot, except that if the Association or Board of Directors furnishes a statement of expenses, the liability shall be limited to the amount set forth in the statement. Each lot owner shall be obligated to pay common expenses under these Bylaws notwithstanding the fact that the lot owner may have a pending dispute with the Association or the Board of Directors on any matter.

Section 5. Collection of Assessments

The Board of Directors shall assess common expenses against the lot owners from time to time and at least annually and shall take prompt action to collect from a lot owner any assessment due which remains unpaid by the lot owner for more than 30 days from the due date for its payment.

Section 6. Default in Payment of Common Expenses

In the event of default by any lot owner in paying to the Board of Directors the assessed common expenses, the lot owner shall be obligated to pay interest at the highest rate permitted by law per year on the common expenses from the due date, together with all expenses, including attorney's fees, incurred by the Board of Directors in any proceeding brought to collect the unpaid common expenses. The Board of Directors shall have the right and duty to attempt to recover the common expenses, together with interest, and the expenses of the proceedings, including attorney's fees, in an action brought against the lot owner, or by foreclosure of a lien on the lot. The Board of Directors shall also have the right to prohibit a lot owner from voting at a meeting of the Association if the Association has recorded a statement of lien on the lot, and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 7. Foreclosure of Liens

In any action brought by the Board of Directors to foreclose a lien on a lot because of unpaid common expenses, the lot owner shall be required to pay reasonable rent for the use of the lot, and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect the rent. The Board of Directors, acting on behalf of all lot owners, shall have power to purchase the lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the vote belonging to, convey or otherwise deal with the lot after purchase. A suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the amount due.

Section 8. Statement of Common Expenses

The Board of Directors shall promptly provide any lot owner, or such lot owner's agent, who makes a request in writing, with a written statement of the lot owner's unpaid common expenses.

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 Bylaw shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to remove any structure and remediate any condition within property owned by the Association and/or any permitted structures or improvements located thereon; and, (b) to enjoin, abate or remedy the thing or condition by appropriate legal proceedings.

Section 10. Association Liens

All unpaid common expenses shall constitute a lien against the delinquent lot until paid. The Board of Directors shall have the authority to file a Notice of Association Lien in the office of the Register of Deeds for Racine County, Wisconsin and to foreclose any such lien in the event of non-payment.

Section 11. Maintenance and Repair

(a) All maintenance and repair of property owned by the Association, structural or nonstructural, ordinary or extraordinary, shall be made by the Association and the costs associated therewith shall be charged to all lot owners as a common expense. Each lot owner shall be responsible for all damages to property owned by the Association resulting from that lot owner's negligence, misuse or misconduct. All maintenance and repair of property owned by the Association which are necessitated by the negligence, misuse or misconduct of a lot owner shall be charged to that lot owner.

Section 12. Use of Association Property

The use of the Property shall be limited by the provisions of the Restrictive Covenants For Wooded Valley Estates South and various conservation and use easements as recorded in the office of the Register of Deeds for Racine County, Wisconsin and by any rules and regulations adopted by the Board of Directors.

Section 13. Additions, Alterations or Improvements by the Board of Directors

Whenever in the judgment of the Board of Directors, property owned by the Association shall require additions, alterations or improvements costing in excess of \$1,000.00, and the making of the additions, alterations or improvements have been approved by a majority of lot owners, the Board of Directors shall proceed with the additions, alterations or improvements and shall assess all lot owners for the cost as a common expense. Any additions, alterations or improvements costing \$1,000.00 or less may be made by the Board of Directors without approval of the lot owners, and the cost shall constitute a common expense.

Section 14. Rules of Conduct

Rules and regulations concerning the use of property owned by the Association may be made and amended by the Developer for periods prior to the first meeting of lot owners, and thereafter by the Board of Directors with the approval of a majority of lot owners. Copies of the rules and regulations shall be furnished by the Board of Directors to each lot owner prior to their effective date.

ARTICLE VI

Interests

Section 1. No Severance of Ownership

No lot owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to a lot in the Subdivision without including the owner's membership in the Owners Association; it being the intention to prevent any severance of the combined ownership. Any deed, mortgage or other instrument purporting to affect one of these interests, without including both interests, shall be deemed and taken to include the interest so omitted, even though the latter should not be expressly mentioned or described. No owner's membership interest in the Association may be sold, transferred or otherwise disposed of, except as a part of a sale, transfer or other disposition of the lot to which the interest belongs.

Section 2. Payment of Assessments

No lot owner shall be permitted to convey, mortgage, pledge, hypothecate or sell a lot unless and until the lot owner shall have paid in full to the Association all unpaid common expenses previously assessed by the Board of Directors against the lot.

ARTICLE VII

Records

Section 1. Records and Reports

The Board of Directors shall keep detailed records of the actions of the Association and the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the lot owners, and financial records, and books of account of the Association. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Directors to all lot owners at least annually. In addition, an annual report of the receipts and expenditures of the Association, prepared by an independent certified public accountant (which report need not be certified), shall be rendered by the Board of Directors to all lot owners who have requested it within a reasonable time after the end of each fiscal year.

ARTICLE VIII

Miscellaneous

Section 1. Notices

All notices to the Board of Directors or the Association shall be sent by registered or certified mail 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. Except when delivered in person, all notices to any lot owner shall be mailed or hand delivered to the lot address or to such other address as may have been designated by the owner 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. Notices to the lot owners need not be mailed by registered or certified mail.

Section 2. Invalidity

The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions

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

Section 4. Singular - Plural

The use of the singular in these Bylaws shall be deemed to include the plural, whenever the context so requires.

Section 5. Waiver

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure of enforcement, regardless of the number of violations or breaches which may occur.

ARTICLE IX

Fiscal Year

Section 1. Adoption of Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

ARTICLE X

Amendments to Bylaws

Section 1. Amendments to Bylaws

These Bylaws may be modified or amended by vote of at least 75% of the authorized votes of all lot owners, which vote shall be taken at a meeting of lot owners duly held for that purpose.

Section 2. Rights of Developer

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