

BYLAWS OF
RIVERWOODS HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I.
General

Section 1. Adoption of Bylaws and Applicability of Definitions. These Bylaws are adopted as the Bylaws of Riverwoods Homeowner's Association, Inc. ("Association"), a Wisconsin corporation organized under the Wisconsin Nonstock Corporation Law to serve as an association of lot owners in Riverwoods Subdivision, City of Kenosha, Kenosha County, Wisconsin, (the "Property"). The provisions of these Bylaws apply to the Property and to the use and occupancy of the Property.

Section 2. 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 5008 Green Bay Road, Kenosha, WI 53144.

ARTICLE II.
Board of Directors

Section 1. Number and Qualification. The Board of Directors shall be composed of three persons, each of whom shall be owners of property, fiduciary owners, members, or employees of partnership owners, or officers, stockholders, or employees of corporate owners.

Section 2. Powers and Duties. The affairs of the Association 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. The Board of Directors shall have full power and authority necessary for or desirable to complete enforcement and administration of the Articles of Incorporation, these Bylaws and the Restrictions of record.

Section 3. Election and Term of Office. The members of the Board of Directors elected by the lot owners shall hold office for a staggered term of three years and until their respective successor shall have been elected by the property owners.

Section 4. Removal of Members of the Board of Directors. At any regular or special meeting of lot owners, any one or more of the members of the Board of Directors previously elected by the lot owners 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.

Section 5. 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 members at a special meeting of the Board of Directors held for that 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 for the remainder of the term of the member so removed until a successor is elected.

Section 6. 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, provided a majority of the whole Board of Directors shall be present at the meeting.

Section 7. 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 or telegram, at least 48 hours prior to the time of the meeting.

Section 8. 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 or telegraph, 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 9. 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 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 10. 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 a 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 11. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as a Director.

Section 12. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the property owners for any mistake of judgment, failure to adhere to the provisions of the Articles or these Bylaws, negligence or otherwise, except for their own individual, willful misconduct or bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contracts made by them on behalf of the Association. At the option of the Board of Directors, Directors' liability insurance may be obtained and shall be paid for as a common expense.

Section 13. 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. Lot Owners-Members

Section 1. Annual Meetings. On the later of 30 days after all of the lots in the subdivision have been sold and conveyed by the Developer, or 15 years from the date of sale of the first lot sold by the Developer, or such earlier time as determined by the Incorporator, the Developer shall promptly select three owners to served on the Board of Directors of the Association until the next annual meeting of members, or until their successors have been duly elected. Thereafter, the annual meetings of the lot owners shall be held on the second Saturday of June of each succeeding year at 9:00 a.m. At such meetings, the Board of Directors shall be elected by ballot of the lot owners. The lot owners may transaction 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 any suitable place as may be designated by the Incorporator or by the Board of Directors, as the case may be.

Section 3. Notice of Meetings. The Secretary shall mail to each property owner of record a notice of each 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 4. 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 owners who are present, either in person or by proxy, at the meeting.

Section 5. Voting. Each lot shall have one vote. Each lot owner 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 owner at all meetings of the 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. Each lot owner shall be entitled to cast at all meetings of the 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 pro rata in accordance with each joint owner's interest, then the vote shall thereafter be cast pro rata by all joint owners in accordance with their interests in the lot. 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).

Section 6. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of 33 1/3 percent of the total authorized votes of all owners shall constitute a quorum at all meetings of the lot owners.

Section 7. Majority Vote. The vote of the majority of owners at a meeting at which a quorum shall be present shall be binding upon all owners for all purposes.

Section 8. Membership. All lot owners shall be members of the Association.

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. 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 and shall preside at all meetings of the lot owners and of the Board of Directors. The President 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 owners to any committee which is established under these Bylaws.

Section 2. Payment of Assessments. All lot owners shall pay the amounts 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.

Section 3. Collection of Assessments. The Board of Directors shall take prompt action to collect from an owner any assessment due which remains unpaid by the lot owner for more than 30 days from the due date for its payment.

Section 4. Default in Payment of Assessments. In the event of a default by any lot owner in paying to the Board of Directors the amount of any assessment, the lot owner shall be obligated to pay interest at the rate of 18 percent per annum on the assessment from the due date, in addition to the interest charges, a late charge of \$50 per day shall be imposed against a lot owner if any balance in expenses remains unpaid more than 30 days after payment is due. If the assessment levied against any lot remains unpaid for a period of 60 days from the date of levy, then the Board of Directors may, in its discretion, file a claim for maintenance lien against such lot in the office of the Clerk of Circuit Court for Racine County within six months from the date of levy. Such claim for lien shall contain a reference to the resolution authorizing such levy and the date thereof, the name of the claimant or assignee, the name of the person against whom the assessment is levied, a description of the lot and a statement of the amount claimed and shall otherwise comply in form with the provisions of Wisconsin Statutes §779.70. Foreclosure of such lien shall be in the manner provided for foreclosure of maintenance liens in said Statute or any successor statute. The Board of Directors shall also have a 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 any meeting.

ARTICLE VI. 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.

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 VII.
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 of each year.

ARTICLE VIII.
Amendments to Bylaws

Section 1. Amendments to Bylaws. These Bylaws may be modified or amended by vote of at least two-thirds of the authorized votes of all lot owners, which vote shall be taken at a meeting of lot owners duly held for that purpose.

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