

BYLAWS  
OF HERITAGE LAKE RESORT CONDOMINIUM  
OWNERS' ASSOCIATION, INC.

ARTICLE I  
Name and Purpose

Pursuant to the Articles of Incorporation of HERITAGE LAKE RESORT CONDOMINIUM OWNERS' ASSOCIATION, INC. and the Condominium Declaration for HERITAGE LAKE RESORT CONDOMINIUM recorded in the office of the Register of Deeds for Door county, Wisconsin (the "Declaration") the following are adopted as the Bylaws of the Heritage Lake Resort Condominium Owners' Association, Inc. (the "Association") which is a non-profit corporation formed and organized to serve as an association of unit owners who own real estate and improvements (the "Property") under the condominium form of use and ownership, as provided in the Condominium Ownership Act of the State of Wisconsin and subject to the terms and conditions of the Declaration.

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

ARTICLE II  
Members, Voting and Meetings

2.1. Members. Members shall be all Unit Owners, and shall have one vote for each Unit owned. Every Unit Owner, upon acquiring title shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Association shall automatically cease.

(a.) One Membership Per Unit. Each unit Owner shall be entitled to cast the number of votes to which said Unit is entitled as set forth in the Declaration, which is one vote per Unit, regardless of the number of owners of said Unit.

(b.) Membership List. The Association shall maintain a current membership list showing the membership pertaining to each Unit and the person designated to cast the one (1) vote pertaining to such Unit. Only one (1) person so designated shall be entitled to cast a vote in person or by proxy. A designation may be changed by notice in writing to the secretary of the Association signed by a majority of the persons having an ownership interest in the Unit.

(c.) Transfer of Membership. Each membership shall be appurtenant to the Unit upon which' it is based and shall be transferred automatically upon conveyance of that Unit. Membership in the Association may not be transferred, except in connection with the transfer of a Unit. A transferee shall notify the Association through its Secretary of the date of transfer, name of the person designated to vote, 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.

(d.) Failure to Notify Association of Purchase of Unit. The failure of a Unit purchaser to notify the Association of his/her purchase within (30) days following the date of closing or the purchase of said Unit shall be deemed a violation of Section (c.) above and shall be subject to a daily fine.

(e.) Start-up Fee. The Association shall have the right to impose a start-up fee on each new purchaser to cover the Association's cost of obtaining, processing and recording information about the Unit purchaser in the records of the Association. Said fee shall be collected at the time of closing of the purchase by the Unit purchaser.

2.2. Quorum and Proxies for Members' Meetings. A quorum for members' meeting shall consist of fifty percent (50%) of the votes entitled to vote. Votes may be cast in person or by proxy in accordance with the designations in the Membership List. The act of a majority of votes presented in person or by proxy at any meeting at which a quorum is present shall be the act of the members. Proxies shall be valid only for the particular meeting(s) or time period designated therein, unless sooner revoked, and must be filed with the Secretary before the appointed time of the meeting. If any meeting of members cannot be organized because a quorum is not present, a majority of the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present, without further notice. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

2.3 Time. Place. Notice. and Calling of Members' Meetings. Written notice of all meetings stating the time and place and the purpose for which the meeting is called shall be given by the President or Secretary, unless waived in writing, to each member at his address as it appears on the books of the Association and shall be mailed or personally delivered not less than ten (10) days nor more than thirty (30) days prior to the date of the meetings. Notice of meetings may be waived before and after meetings. Meetings shall be held on a Saturday in July of each year for the purpose of electing Directors and transacting such other business as may be authorized to be transacted by the members. Special meetings of the members shall be held whenever called by the President or any two (2) members of the Board of Directors and must be called by such Officers upon receipt of a written request signed by the members with one-third (1/3) or more of all votes entitled to be cast.

### ARTICLE III Board of Directors

3.1 Number and Qualifications of Directors. The Board of Directors shall consist of five (5) members elected at large by the members of the Association.

3.2 Power and Duties of the Board of Directors. The affairs of the Association shall be governed by the Board of Directors. All powers and duties, as shall be necessary for the administration of the affairs of the Association, shall be exercised by the Board of Directors. Such powers and duties shall be exercised in accordance with the provisions of the Declaration, the Articles of Incorporation, and these Bylaws.

3.3 Election and Term of Directors. At each annual meeting of the Association, the members shall elect Directors to hold office for a term of three (3) years or until their successors are duly elected and qualified or until any of said Directors shall have been removed in the manner herein provided so that the term of one class of Directors shall expire in each year.

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

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

3.6 Regular Meetings and Notice of Meeting. A regular annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the members. Notice of the regular annual meetings of the Board of Directors shall not be required.

3.7 Special Meetings and Notice of Special Meetings. Special meetings of the Board of Directors may be called by the President or by two (2) Directors with ten (10) days prior written notice to each Director given personally or by mail, which notice shall state the time, place, and purpose of the meeting.

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

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

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

#### ARTICLE IV Officers of the Association

4.1 Designation. Election and Removal. The principal Officers of the Association shall be a President, Vice-President, Secretary, and Treasurer to be elected annually by the Board of Directors. Upon the affirmative vote of a majority of the members of the Board of Directors, any Officer may be removed, either with or without cause; and his successor shall be elected at the regular meeting of the Board of Directors or at any special meeting called for that purpose. Any two (2) or more offices, except a combination of the offices of President and secretary and a combination of the offices of President and Vice President may be held by the same person.

4.2 President. The President shall be selected from among the members of the Board of Directors and shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President, including but not limited to, the power to sign, together with any other Officer designated by the Board, any contracts, checks, drafts, or other instruments on behalf of the Association in accordance with the provisions herein.

4.3 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If both the President and Vice President are

unable to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

4.4 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall count votes at meetings of the Association and shall have charge of the Association's books and records and shall, in general, perform all duties incident to the office of the Secretary.

4.5 Treasurer. The Treasurer or the managing agent shall have responsibility for the Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and financial records and books of account on behalf of the Association. He shall be responsible for the deposit of all monies and all valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall also be responsible for the billing and the collection of all common charges and assessments made by the Association.

4.6 Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a Director or Officer of the Association if such person(s) exercised and used the same degree of care and skill as a prudent person would have exercised or used under the circumstances in the conduct of his own affairs; or took or omitted to take such action in reliance upon advice of counsel for the Association or upon statements made or information furnished by Officers or employees of the Association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.

4.7 Compensation. No Director or Officer of the corporation shall receive any fee or other compensation for services rendered to the Association as such Officer or Director.

## ARTICLE V Operation of the property

5.1 Association Responsibility. The Association, acting through its Board of Directors, shall be responsible for the administration and operation of the Condominium property in accordance with the Declaration, the Articles of Incorporation, and these Bylaws. The Association may contract for management services and a managing agent with respect to the administration and operation of the Condominium.

5.2 Rules and Regulations. The Association, through the Board of Directors, shall from time to time adopt rules and regulations governing the operation, maintenance, and use of the Units and the common areas and facilities by the Unit Owners and occupants. Such rules and regulations of the Association shall not be inconsistent with the terms of the Declaration. The Association members, their lessees or agents, and any occupants of the Units shall conform to and abide by all such rules and regulations. The Association, through its Board of Directors, shall designate such means of enforcement thereof as it deems necessary and proper.

5.3 Common Expenses. The Board of Directors shall determine the common expenses of the Association and shall prepare an annual operating budget for the Association in order to determine the amount of the common charges payable by each Unit to meet the estimated common expenses of the Association for the ensuing year. The amounts required by such budget shall be assessed and charged

against the Units and allocated among the members of the Association according to their respective percentages of ownership in the Common Elements and facilities of the Condominium as set forth in the Declaration. The Board of Directors may assess Primary Units and Secondary Units at different rates when levying the annual assessments for the Units in the Condominium. The common charges shall be prorated and paid semi-annually to the Association in advance. If not paid on or before the due date, the charges shall bear interest at the rate of one and one-half percent (1 1/2%) per month until paid in full.

5.3(a) Assessment Based on Unit type. The following definitions shall apply to the provisions of this subsection:

(i) Primary Unit. A Unit owned by a Unit Owner, whether or not a park model or recreational vehicle is located thereon, and whether or not the park model or recreational vehicle located thereon (if any) is connected to sewer and water service furnished by the Association.

(ii) Secondary Unit. A Unit owned by a Unit Owner who owns more than one (1) Unit, and upon which is located a park model or recreational vehicle which is not connected to sewer and water service furnished by the Association, or, in the alternative, does not have a park model or recreational vehicle located thereon.

5.4 Default of Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board through the Association the assessed common expenses, such Unit Owner shall be obligated to pay interest at the highest annual rate permitted by law or at 18% per annum, whichever is less, on such common expenses from the due date thereof, together with all expenses, including actual attorneys' fees, incurred by the Board in any proceeding brought to collect such unpaid common expenses. The Board shall have the right through the Association and the duty to attempt to recover such common expenses, together with interest thereon, and the expenses of the proceedings, including attorneys' fees, in any such action brought against the Unit Owner, or by foreclosure of the lien on such Unit as permitted by section 703.16 of the Act. The Board shall also have the right to prohibit such Unit Owner from use of the common elements and from voting at a meeting of the Association if the Association has recorded a statement of Condominium lien on such Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

5.5 Operating Budget. The annual operating budget shall provide for two (2) funds, one which shall be designated the "Operating Fund" and the other the "Reserve Fund". The operating fund shall be used for all common expenses which occur with greater than annual frequency, such as amounts required for the costs of maintenance of the Commons, management services, insurance, common services, administration, materials, and supplies. There shall be a separate reserve fund which shall be used for painting, major repairs and renovation of the Commons. The reserve fund shall be used for contingencies and periodic expenses incurred by the Association. In the event that the Association incurs extraordinary expenditures not originally included in the annual budget then such sums as may be required in addition to the operating fund shall be first charged against the reserve fund. In the event that both funds prove inadequate to meet the necessary common expenses, the Directors may levy a further assessment which shall be charged to each Owner in proportion to his ownership as set forth in the Declaration. The reserve fund may include such amounts as the Board of Directors may deem necessary to provide for the purchase of a unit.

The fiscal year of the Association runs from June 1 of each year to May 31 of the following year. The annual budget for the next fiscal year shall be prepared and determined prior to the date of the annual meeting. The Board of Directors shall advise all members of the Association in writing of the amount of the common charges payable on behalf of each Unit for the next fiscal year and provide each member with a copy of the budget on which the common charges are based by not later than the date of the annual meeting of the Association.

If within fifteen (15) days after the annual membership meeting a petition is presented to the Board of Directors protesting such charges or the budget upon which they are based and the petition is signed by members representing more than fifty percent (50%) of the membership entitled to vote with respect to such charges, then the Directors shall notify all members of a meeting called for the sole purpose of reviewing such charges or budget. At such meeting, the vote of more than fifty percent (50%) of the membership entitled to vote may revise the budget and charges; and such revised budget and corresponding charges shall replace for all purposes the one previously established provided, however, that the annual budget and charges may not be revised downward to a point lower than the average total budget for the preceding two (2) years and provided further that if a budget and charges have not been established and made for any two (2) preceding years, then the budget and charges may not be revised downward until two (2) years of experience exist.

5.6 Borrowing Money and Acquiring and Conveying Property. The Association, by a three-fourths (3/4ths) vote of the Unit Owners, may borrow money and purchase or convey property, and direct any two (2) officers of the corporation to execute such documents in connection therewith as is deemed necessary or appropriate by counsel for the Association.

5.7 Default. If a member of the Association is in default in payment of any charges or assessments for a period of more than thirty (30) days, the Board of Directors in the name of the Association may bring suit for and on behalf of the Association as a representative of all members to enforce collection of such delinquencies or to foreclose the lien therefore, as provided by law; and there shall be added to the amount due the costs of suit and the legal interest together with a reasonable attorney's fee.

5.8 Vote of Unit Owner in Default. No Unit Owner may vote at a meeting of the Association if the Association has recorded a statement of condominium lien on the person's Unit, and the amount necessary to release the lien has not been paid at the time of the meeting.

## Article VI Duties and Obligations of the Unit Owners

6.1 Rules and Regulations. The Units and the Common Elements and facilities (hereinafter in these paragraphs sometimes collectively referred to as "commons") shall be occupied and used in accordance with the Declaration, the Articles of Incorporation, these Bylaws, and the rules and regulations of the Association including the following:

- (a) Use. No Unit Owner shall occupy or use his Unit or permit the same or any part thereof to be occupied or used for any purpose other than use as a recreational site for the Owner, the Owner's family, or the Owner's guests. No Unit in the Condominium may be occupied, nor any individual reside at Heritage Lake for more than eight months/240 days in a calendar year. Units may not be leased or rented. Units may be accessed at all times of the year although services may, at times, be limited.
- (b) Obstructions. There shall be no obstruction of the Commons and facilities, and nothing shall be stored therein, except in designated storage areas, without the prior consent of the Association.
- (c) Increase of Insurance Rates. Nothing shall be done or kept in any Unit or storage area appurtenant thereto, or in the commons which will increase the rate of insurance on the commons without prior consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in the commons which will result in the cancellation of insurance on any part of the commons or which would be in violation of any law or ordinance.

(d) Signs. Signs are only allowed at the discretion of the Board of Directors.

(e) Noxious Activity. No noxious or offensive activity shall be carried on in any Unit or in the commons nor shall anything be done therein which may be or become an annoyance or nuisance to others.

(f) Alteration, Construction, or Removal. Nothing shall be altered or constructed in or removed from the Commons and facilities except upon the written consent of the Association.

6.2 Maintenance and Repair of Units. Every Unit Owner must perform properly or cause to be performed properly all maintenance and repair work within his own Unit which, if omitted, would affect the project in its entirety or in a portion belonging to the other Owners; and such Owner shall be personally liable to the Association for any damages caused by his failure to do so.

## ARTICLE VII General

7.1 Fiscal Year. The fiscal year of the corporation shall begin on June 1st and end on May 31st.

7.2 Corporate Seal. The corporation shall have no seal.

## ARTICLE VIII Amendments

8.1 These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the members at any meeting called for such purpose by any affirmative vote of sixty-seven percent (67%) of all of the votes entitled to be cast.

## ARTICLE IX Miscellaneous

9.1 Record of Ownership. Every Unit Owner shall promptly cause to be duly recorded or filed a record of deed, assignment, or other conveyance to him of such Unit or other evidence of his title thereto and present such other evidence of his title to the Board of Directors; and the secretary shall maintain all such information in the record of the ownership of the Association.

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

9.3 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 losses, costs, damages, and expenses (including reasonable attorney's fees) asserted against, incurred by, or imposed upon him in connection with or resulting from any claim, action, suit, or proceedings including criminal proceedings to which he is made or threatened to be a party by reason of his being or having been such Director or Officer, except as to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct.

In the event of a settlement, indemnification shall be 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 gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The Association by its Board of Directors may indemnify in like manner, or with any limitations, any employee or former employee of the Association with respect to any action taken or not taken in his capacity as such employee. The foregoing rights of indemnification shall be in addition to all rights to which Officers, Directors, or employees may be entitled as a matter of law. All liability, loss, damage, costs, and expenses incurred or suffered by the Association by reason or arising out of, or in connection with, the foregoing indemnification provisions shall be treated and handled by the Association as common expenses provided, however, that nothing contained in this Article IX shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been an employee, Director, or Officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration, Wisconsin's Condominium Ownership Act, the Articles and Bylaws of the Association, as a member of the Association, or the owner of a condominium unit covered thereby.

The Association shall, by its Board of Directors, purchase appropriate liability insurance with limits of liability to be decided upon by said Board to cover the possible errors and omissions of the said Directors and Officers of the Association. The cost of said liability insurance shall be borne by the Association as a common expense.

9.4 Subordination. These Bylaws are subordinate and subject to all provisions of the Declaration and any amendments thereto and the Condominium ownership Act under the laws of the state of Wisconsin, which shall control in case of any conflict. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or said Condominium ownership Act.

9.5 Interpretation. 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 of Directors to conduct or engage in any active business for profit on behalf of any or all of the Unit Owners.

9.6 Gender. The use of the masculine gender in these Bylaws 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.

9.7 No Vested Interest in Operating or Reserve Funds. Owners shall have no vested interest in nor shall they be entitled to withdrawals from either the operating fund or the reserve fund created hereby. Upon sale or other disposition of a Unit said fund shall remain intact, and a new Owner shall not be additionally assessed for improvements for which the prior owner has been assessed and the assessment has been paid.

#### ARTICLE X Association Mailing Address

The mailing address of the Association shall be: HERITAGE LAKE RESORT CONDOMINIUM OWNERS' ASSOCIATION, INC. 8431 Highway 57 Baileys Harbor, Wisconsin 54209