



Laurel Lake Condominium Association
Thiensville, WI 53092

LAUREL LAKE CONDOMINIUM ASSOCIATION, INC.

This is the “EXECUTIVE SUMMARY” of Laurel Lake Condominium Association, Inc. as requested by the State of Wisconsin Statutes (number 70333).

These are the regulations that were in force when LAUREL LAKE CONDOMINIUM was incorporated, and the Amendments enacted by the unit owners and the Board of Directors since that time.

These Regulations include:

- 1.) The Declaration**
- 2.) Articles of Incorporation**
- 3.) Rules and Regulations of Association**
- 4.) By-laws of Laurel Lake Condominium Association, Inc.**

Part 1:

**DECLARATION OF
LAUREL LAKE,
a Condominium**

TABLE OF CONTENTS

LAUREL LAKE CONDOMINIUM

<u>SECTION</u>		<u>PAGE</u>
I	DEFINITIONS	A-4
	1.1. Defined Terms	A-4
II	ASSOCIATION OF UNIT OWNERS	A-7
	2.1. Membership, Duties and Obligations	A-7
	2.2. Voting Rights	A-7
	2.3. Declarant's Right to Vote	A-7
	2.4. Architectural Control Committee	A-7
III	DESCRIPTION	A-8
	3.1. Description of Buildings	A-8
	3.2. Description of Units	A-8
	3.3. Limited Common Elements	A-9
	3.4. General Common Elements	A-9
	3.5. Declarant's Right to Change Plans	A-10
IV	ALLOCATED INTERESTS	A-10
	4.1. Allocated Interest	A-10
V	MAINTENANCE, ALTERATION AND IMPROVEMENT OF CONDOMINIUM	A-10
	5.1. Responsibility of Unit Owners	A-10
	5.2. Responsibility of Association	A-11
	5.3. Repair and Replacement Standards	A-12
	5.4. Alterations to Unit	A-12
	5.5. Exterior Alterations	A-13
	5.6. Damage to Units and to Common Elements	A-13
	5.7. Laurel Lake Development Maintenance Corporation	A-13
VI	COMMON EXPENSES, ASSESSMENTS AND TAXES	A-13
	6.1. Common Expenses	A-13
	6.2. Payment of Assessments	A-14
	6.3. Assessment for Common Expenses	A-14
	6.4. Purchaser of Unit	A-14
	6.5. Enforcement of Lien	A-15
	6.6. Real Estate Taxes	A-15
	6.7. Sewer Charges	A-15

VII	USE OF CONDOMINIUM	A-15
	7.1. Use of Common Elements Other Than Limited Common Elements	A-15
	7.2. Use of Limited Common Elements	A-15
VIII	RESTRICTIONS ON USE, OCCUPANCY AND TRANSFER	A-16
	8.1. Limitations	A-16
	8.2. Declarant's Right to Transfer	A-16
	8.3. Unit Owner's Restrictions on Leasing	A-16
	8.4. Unit Owner's Use of Unit as an Office	A-17
	8.5. Unlawful Use of Condominium or Unit	A-17
	8.6. Unit Owners Restrictions on Use of Unit, Limited Common Elements and General Common Elements	A-18
	8.7. Animal Restrictions	A-18
	8.8. Unit Owners Restriction on Limited Common and General Common Area Parking	A-19
IX	REPAIR OR RECONSTRUCTION	A-19
	9.1. Repair or Reconstruction of Condominium	A-19
	9.2. Eminent Domain	A-19
	9.3. Association as Designated Agent	A-20
X	EASEMENTS AND ENCROACHMENTS	A-21
	10.1. Utility Easements	A-21
	10.2. Construction Easement	A-21
	10.3. Easement to Facilitate Sales	A-21
	10.4. Support Easement	A-22
	10.5. Common Elements Easement	A-22
	10.6. Unit Owner's Grant of Easement	A-22
	10.7. Access Easements	A-23
	10.8. Binding Effect	A-23
	10.9. Encroachments	A-23
XI	MORTGAGES	A-23
	11.1. Separate Mortgages of Units	A-23
	11.2. Mortgagees	A-23
	11.3. Roster of Mortgagees	A-23
	11.4. Liens	A-24
	11.5. Mortgagee in Possession	A-24
	11.6. Rights of Mortgagees	A-24
	11.7. Restrictions on Actions of Association	A-25
	11.8. Application and Effect	A-25
	11.9. Amendment to Declaration	A-26
	11.10. Priority of First Mortgagees	A-26

XII	INSURANCE	A-26
	12.1. Insurance	A-26
	12.2. Proceeds of Insurance	A-26
	12.3. Public Liability Insurance	A-27
	12.4. Fidelity Bonds	A-27
	12.5. Separate Insurance	A-27
XIII	PROHIBITION ON PARTITION OF COMMON ELEMENTS	A-27
	13.1. Partition of Common Elements	A-27
XIV	DISCLAIMER OF LIABILITY OF ASSOCIATION	A-27
	14.1. Disclaimer	A-27
	14.2. Parking Areas	A-28
XV	AMENDMENT TO DECLARATION	A-28
	15.1. Amendment	A-28
	15.2. Special Amendments	A-28
XVI	TERMINATION OF CONDOMINIUM	A-29
	16.1. Termination of the Condominium	A-29
XVII	ADDITIONAL PROVISIONS	A-29
	17.1. Rights of Action	A-29
	17.2. Waiver	A-30
	17.3. Severability	A-30
	17.4. Captions	A-30
	17.5. No Obligations	A-30
	17.6. Number and Gender	A-30
	17.7. Registered Agent	A-30
XVIII	CONSENT OF MORTGAGEE	A-32

**DECLARATION
OF
LAUREL LAKE, A CONDOMINIUM**

This Declaration is made as of this _____ day of May, 2000, by **FRED-LINDEN TWO, LLC** (hereinafter referred to as the "Declarant").

Declarant hereby declares that it is the sole owner of the real property located at 502 Laurel Lake Road, 612 Laurel Lake Road, in Thiensville, Wisconsin, and more particularly described in EXHIBIT A, together with all rights appurtenant thereto and with any and all improvements now or subsequently placed thereon and any and all rights appurtenant to such improvements. Declarant hereby submits the Property to the Condominium form of ownership as provided in the Wisconsin Condominium Ownership Act. All provisions hereof shall be deemed to run with the land and shall constitute benefits and burdens to Declarant, its successors and assigns, and to all parties hereafter having any interest in the Property.

Declarant reserves the right to assign its ownership interest in the Property to another entity of its choosing at any time. In the event of such an assignment, Declarant shall record a special amendment to this Declaration providing the name of the assignee as the new Declarant.

SECTION I

DEFINITIONS

1.1. Defined Terms. The following terms shall be defined as follows;

(a) "Access Easement" shall mean that certain Access Easement dated December 16, 1974, and recorded in the Ozaukee County Register of Deeds office in Volume 354 of Records at Page 302 as Document No. 268455 wherein the Laurel Lake Development and Maintenance Corporation was provided the non-exclusive access and use of Laurel Lake.

(b) "Act" means Chapter 703 of the Wisconsin Statutes and known as the Condominium Ownership Act, as amended from time to time.

(c) "Allocated Interest" means the undivided percentage interest from time to time of each Unit, determined as provided in Section 4.1, below, in the Common Elements and the liability for Common Expenses.

(d) "Architectural Control Committee" means the committee which the Board of Directors shall establish for the purpose of reviewing and approving any and all exterior alterations, improvements or modifications to the Condominium.

(e) "Assessments" refers to both General Assessments and Special Assessments and means the amount determined by the Association to be due with respect to a Unit for Common Expenses.

(f) "Association" means Laurel Lake Condominiums, Inc.

(g) "Board of Directors" means the governing body of the Association.

(h) "Building(s)" means any Structure containing one or more Units which is situated on the Property.

(i) "Building Plans" means the plans attached hereto and made a part hereof as EXHIBIT B and any supplemental plans thereto which may be required for construction of the Condominium.

(j) "Bylaws" means the Bylaws of the Association.

(k) "Common Expenses" means all of the expenses of the Association.

(l) "Common Elements" refers to both the "General Common Elements" and the "Limited Common Elements," and means all of the Condominium other than the Units.

(m) "Common Well Agreement" shall collectively mean the following: (i) that certain Common Well Agreement and Easement dated May 22, 1987, by and between Ziegler-Limbach of Thiensville Limited Partnership, a Wisconsin limited partnership, and James J. Ksincinski; and (ii) that certain Common Well Agreement and Easement dated February 22, 1996, by and between Ziegler-Limbach of Thiensville Limited Partnership, a Wisconsin limited partnership, and Holly Grassin, as thereafter amended by that certain First Amendment to Common Well Agreement and Easement dated December 31, 1999, by and between F.R.E.D. - Laurel Lakes Limited Partnership, Laurelwood Condominiums, Inc., and Concord Apartments, LLC.

(n) "Condominium" means Laurel Lake, a Condominium.

(o) "Condominium Documents" consist of the Articles, Bylaws, Rules and Regulations, Floor Plans, Specifications, Surveys, Plat Maps, Management Agreement, if any, and this Declaration.

(p) "Declarant" means FRED-LINDEN TWO, LLC.

(q) "Declaration" means this Declaration of Laurel Lake, a Condominium.

(r) "Director" means a Member of the Board of Directors of the Association.

- (s) "FNMA" means the Federal National Mortgage Association.
- (t) "General Common Elements" means all Common Elements except for any Limited Common Elements.
- (u) "Limited Common Elements" means those portions of the Common Elements reserved for the exclusive use of one or more but less than all of the Unit Owners.
- (v) "Managing Agent" means any individual or entity employed by the Association to perform duties and services for the Condominium in accordance with the Act or the Condominium documents.
- (w) "Majority" means the Condominium Unit owners with more than 50% of the votes assigned to the Units by the Declaration.
- (x) "Mortgage" means any recorded mortgage or land contract encumbering a Unit.
- (y) "Mortgagee" means the holder of any recorded mortgage encumbering one or more of the Units or a land contract vendor.
- (z) "Member" means every unit owner, who by his status as a unit owner is also a Member of the Association.
- (aa) "Membership Roster" means the list of all Unit Owners entitled to vote at all general and special meetings.
- (bb) "Plat" means the Plat of Survey, attached hereto as EXHIBIT A, of the Condominium being recorded pursuant to the Act simultaneously herewith and constituting a part of this Declaration.
- (cc) "Property" means the real property as described on EXHIBIT A.
- (dd) "Rules and Regulations" means the Rules and Regulations for the Condominium adopted by the Declarant, and as amended from time to time by the Declarant or the Board of Directors.
- (ee) "Special Amendment" means an amendment to this Declaration which does not require the consent of any Unit Owner other than the Declarant.

(ff) "Special Assessment" means any assessment made against the Unit Owner and his Unit which is not a General Assessment and is assessed against a Unit Owner and his Unit for expenses incurred by the Association.

(gg) "Unit" means a part of the Condominium intended for private use by the Unit Owner.

(hh) "Unit Owner" means any natural person, corporation, partnership, association, trust or other entity capable of holding title to real property, or any combination thereof which holds legal title to a Unit or has equitable ownership to a Unit as a land contract vendee, but does not include any Mortgagee before such Mortgagee takes title to a Unit by foreclosure or process in lieu thereof.

SECTION II

ASSOCIATION OF UNIT OWNERS

2.1. Membership, Duties and Obligations. Each Unit owner shall be a Member of the Association of Unit Owners to be known as Laurel Lake Condominiums, Inc. which shall be responsible for carrying out the purposes of this Declaration, including the exclusive management and control of the Common Elements. The Association shall be incorporated as a nonstock, nonprofit corporation under the laws of the State of Wisconsin. Each Unit Owner and the occupants of all Units shall abide by and be subject to all of the duties and obligations of the Act, this Declaration and the Condominium Documents. The Association shall maintain current copies of this Declaration, the Bylaws, the Articles of Incorporation, and all other rules concerning the Condominium, as well as the Condominium records and financial statements, which shall be made available for inspection upon request by Unit Owners, holders, insurers, and/or guarantors of first mortgages that are secured by Units in the Condominium.

2.2. Voting Rights. There shall be one class of voting membership. All Unit Owners shall have one vote for each Unit owned and shall be entitled to cast the vote appurtenant to each Unit owned at all meetings of the Association. If title to a Unit is held by more than one person, then the co-owners of the Unit shall notify, in writing, the Secretary of the Association which individual is entitled to cast the vote on behalf of all co-owners.

2.3. Declarant's Right to Vote. The Declarant shall be entitled to cast the votes pertaining to any Unit owned by Declarant. For purposes of this Section II, and notwithstanding any other provision in this Declaration, the Bylaws or any other Condominium Document, the Declarant is entitled to vote all the votes of any Units it owns.

2.4. Architectural Control Committee. The purpose of the Architectural Control Committee is to maintain harmony in the appearance of the Condominium. The Architectural Control Committee shall have the right to approve or disapprove any plan for any improvement,

alteration or modification to the exterior portions of the Units and any plan for any improvement, alteration or modification to the Common Elements. The Architectural Control Committee shall not approve any plan of any Unit Owner which negatively affects any other Unit in a material manner, and, the Architectural Control Committee shall not approve any plan which would add a material amount of additional living space to any Unit or which would also materially increase the size of the Common Elements. The Architectural Control Committee shall consist of three (3) individuals who are appointed by the Board of Directors. The length of the term of service of the members of the Architectural Control Committee shall be determined by the Board of Directors. The initial Architectural Control Committee shall be appointed by Declarant and Declarant shall have the right to appoint committee members until all Units are sold, or until Declarant surrenders such right and so notifies the Board of Directors.

SECTION III

DESCRIPTION

3.1. Description of Buildings. The approximate location and dimensions of the Buildings in which the Units are located are shown on the Plat and the Building Plans.

3.2. Description of Units. The Condominium shall consist of two (2) buildings, with eight (8) units in each building. Each Unit shall be identified by a Building number as indicated on the Plat. The following shall be the boundaries of the Units:

(a) **Vertical Boundaries.** The vertical boundaries of a Unit shall be the vertical planes of the inner surface of any stone or other masonry walls bounding such Unit. If the walls bounding any unit are not stone or other masonry, such vertical boundaries are the interior surface of the wall or studs which support the drywall, wood, or plaster perimeter walls bounding any such Unit.

(b) **Horizontal Boundaries.** The horizontal boundaries of the Unit shall be:

(i) **Upper Boundary.** The upper boundary of any portion of a Unit which is under another Unit is the horizontal plane of the bottom surface of the floor joist above the highest floor of such Unit. The upper boundary of any portion of a Unit which is not below another Unit is the horizontal plane of the bottom surface of the attic floor joists, if any, above such Unit, or if there are no such attic floor joists, then the bottom surface of the rafters supporting the roof of the Building.

(ii) **Lower Boundary.** The lower boundary of a Unit which is above another Unit is the horizontal plane of the top surface of the floor joists below the lower most floor of such Unit. The lower boundary of a Unit which is not above

another Unit is the top surface of the concrete floor slab below the lower most floor of such Unit.

(c) **Additional Items.** Each Unit shall include the following, if any:

(i) the air conditioning, heating and hot water systems and equipment, any interior chutes, flues, exhaust fans, ducts, conduits, wires, cables, electrical, security, telephone, television and other communication systems, water, sewer and gas mains and laterals, and all other utility lines and distribution systems, wall safes, medicine cabinets, built-in shelving which lies partially within and partially outside of the designated boundaries of a Unit, and any portions thereof exclusively serving that Unit shall be deemed a part of that Unit, while any portions thereof, serving more than one Unit or any portion of the Common Elements shall be deemed a part of the Common Elements; all interior ceilings, floors, walls and partitions, floor and wall coverings, including those within a screened or enclosed porch, patio or deck; and all fixtures and improvements, including, without limitation, sinks, bathtubs and other plumbing facilities within the Unit; and

(ii) all exterior doors (including doors to any patio or deck serving the Unit, the garage door, front and rear entrance door, the entrance foyer, common foyer, hallways and staircases immediately adjacent and appurtenant to each Unit which such common hallway or staircase is used for access and any other entrance door to the Unit) and any and all hardware, including without limitation, door locks, hinges, garage door openers and related mechanical systems, if any associated with such doors; all windows, screens and sky lights.

3.3. Limited Common Elements. The Limited Common Elements include:

(a) all footings, foundations, beams, exterior walls, roofs, floors (excluding those described in Section 3.2 and structural supports of Buildings);

(b) parking and driveway areas, sidewalks, pathways, access steps, landings, walkways, decks or patios appurtenant to a unit, storage areas, and landscaped areas serving a unit or a number of specific Units; and

(c) any exterior light, chimney, dormer or vent or similar appurtenance exclusively serving a Unit or Units whether located within the designated boundary lines of a Unit.

3.4. General Common Elements. The General Common Elements consist of the entire Condominium, except the Units and the Limited Common Elements, and includes, without limitation, the following:

(a) all entrances to the Property, roadways, common sidewalks, common walkways, pathways, and private streets, access steps, landings, landscaped area, open space, and the Association's rights under the Access Easement; and

(b) all exterior ducts, lines, poles, posts, pipes, wires, cables, conduits, well water lines, the Association's rights under the Common Well Agreement, drainage, electrical, telephone, cable television, master television, fire and communication systems, gas, sewer, heating, and plumbing systems.

3.5. Declarant's Right to Change Plans. Declarant reserves the right to change the layout, location, dimensions and construction details of the Building, Units and Common Elements shown on the Plat, provided that such changes shall not substantially alter the nature, value and quality of the Buildings, Units or Common Elements.

SECTION IV

ALLOCATED INTERESTS

4.1. Allocated Interest. Every Unit owner shall own an undivided 1/16th interest in the Common Elements as a tenant-in-common with all other Unit Owners and every Unit Owner shall have the right to use and occupy the Common Elements for all purposes which do not violate the Act, this Declaration and the Condominium Documents, which rights shall be appurtenant to and run with his Unit. The Allocated Interest in Common Elements shall be determined by dividing one hundred (100) by the number of Units then included in the Condominium.

SECTION V

MAINTENANCE, ALTERATION AND IMPROVEMENT OF CONDOMINIUM

X **5.1. Responsibility of Unit Owners.**

(a) Each Unit Owner, at his sole expense, shall be responsible for keeping his Unit (excluding items which are visible from the Common Elements) including without limitation the items identified in Section 3.2(c)(i) and all of the equipment, fixtures and appurtenances located on or upon the Unit in good order, condition and repair and in a clean and sanitary condition. Without in any way limiting the foregoing, each Unit Owner shall be responsible for the maintenance, repair or replacement of any lighting fixtures, refrigerators, ranges, plumbing fixtures, dishwashers, disposals, laundry equipment such as washers and dryers, the air conditioning, heating and hot water systems and equipment, any chutes, flues, exhaust fans, ducts, conduits, wires, cables, electrical, security, telephone, television, wall safes, medicine cabinets, built in shelving and all communication systems, water, sewer and gas mains and laterals and all other utility lines and distribution systems and fixtures and any portions thereof exclusively serving that Unit, while any portions

thereof serving more than one (1) Unit or any portion of the Common Elements shall be deemed a part of the Common Elements.

(b) Notwithstanding Section 5.1(a) for purposes of uniformity, the Association shall replace, repair, paint, maintain and adorn external features such as the items identified in Section 3.2(c)(ii) and other similar items which are visible from the Common Elements, including, but not limited to, decks and patios appurtenant to a unit, and portions of any conduits, wires, cables, water, sewer and gas mains and laterals and all other utility lines and distribution systems lying above or under any Common Element; provided, however, the individual Unit Owner who owns the Unit which the items identified in Section 3.2(c)(ii) and other similar external items are a part of and/or service and the Unit Owner's Unit to which such portions of any conduits, wires, cables, water, sewer, and gas mains and laterals and all other utility lines and distribution systems appertain shall pay the cost incurred by the Association in replacing, repairing, painting, maintaining and adorning such items.

(c) The Unit Owner shall at all times maintain the temperature of his Unit at or above 50° Fahrenheit.

(d) The Unit Owner shall be solely responsible for the cost of repair of any damage to the Condominium caused by the Unit Owner's failure to discharge his obligation pursuant to this Section 5.1. If a Unit owner fails to discharge his obligations pursuant to this Section 5.1, then the Association shall have the right, but not the obligation, to discharge such obligations on behalf of the Unit Owner, and, if any of the costs so incurred by the Association are not promptly repaid to the Association, then the Board of Directors shall assess a Special Assessment against the Unit for such expense.

5.2. Responsibility of Association. The Association shall be responsible for the management and control of the Common Elements, including the Limited Common Elements, and shall cause the same to be maintained, repaired and kept in good condition, order and repair. Without in any way limiting the foregoing, the Association shall be responsible, at the expense of the Association (unless necessitated by the negligence or misuse of a Unit Owner, in which case such expense shall be charged to such Unit Owner), for the following:

(a) such actions as may be necessary to maintain the open space in accordance with the Rules and Regulations and in compliance with all applicable laws, codes and ordinances;

(b) all painting, repairing, restoration, general maintenance and decorating of Building exteriors, walls, doors, windows, roofs, water system, and Common Element doors;

(c) lawn care, including landscaping, fertilizing, watering, weed control, tree pruning, grass cutting, edging and trimming, as required;

(d) snow and ice removal from paved sidewalks, driveways and parking areas of the Property;

(e) maintenance, repair or restoration of sidewalks, walkways, driveways and parking areas of the Property;

(f) maintenance, repair and replacement of electrical wiring, lighting, heating and pipes and ducts in Common Elements;

(g) purchase, maintenance, repair, replacement and storage of equipment and materials required to accomplish the foregoing;

(h) maintenance and repair of the floor joist and/or the unimproved cement floor of the lower-most floor of each unit; provided, however, the Unit Owner shall be responsible for the maintenance and repair of any floor covering material which covers the floor joist or the cement floor; and

(i) maintenance and repair of the common well serving the Condominium. The Association's responsibilities for any such maintenance and repair shall be dictated by the Common Well Agreement referenced in Section 1.1(m) of this Declaration. Said Agreement shall be held by the Secretary of the Association and available for review to Unit Owners upon request.

5.3. Repair and Replacement Standards. All repairs and replacements shall, to the extent reasonably possible, be done in a manner which is substantially similar to the quality and appearance of original construction and installation.

5.4. Alterations to Unit. A Unit Owner may make any alterations he deems desirable to his Unit, including the movement or modification of any interior walls, provided the Unit Owner complies with all provisions of the Condominium Documents. A Unit Owner is prohibited from making any alteration, installation, removal, reconstruction or repair to his Unit which might impair the structural integrity or value of the Building or any mechanical or electrical system therein; or adversely affect either the thermal or acoustical character of the Building; or impair any easement appurtenant to any Unit or the Condominium; or violate this Declaration or any applicable law, ordinance or governmental rule, regulation or order. All work done in connection with any alteration to the Unit shall be completed in a good, workmanlike manner and free from all liens. Any Unit Owner who makes any alterations to his Unit shall indemnify and hold harmless the other Unit Owners, the Board, the Declarant and the Association from and against all claims of third parties for personal injury or property damage from work performed in connection with any alterations.

August 11, 2008

AMENDMENT TO BY-LAWS STATING:

ALL AND ANY LEGAL FEES TO BE PAID BY OWNERS.

A-11 5.1 (e) RESPONSIBILITY OF UNIT OWNERS

All unit owners shall be solely responsible for the Cost of any and All legal fees incurred while resolving any and all issues caused by any occupant of any unit that obligates the Board to secure legal representation for any reason, be it advise or action.

A 12-1

5.5. Exterior Alterations. Except as permitted by the Rules and Regulations or as consented to by the Architectural Control Committee, a Unit Owner is prohibited from making any alteration, installation, removal, reconstruction or repair to the exterior of the Building in which his Unit is located.

5.6. Damage to Units and to Common Elements. In the event the Association, or any individual or entity acting on behalf of the Association, damages any portion of a Unit or Common Element while making any repair or renovation to any portion of a Common Element, then the Association shall be responsible for promptly repairing and restoring any portion of any such Unit or Common Element to the condition in which it existed prior to the Association's actions. In the event that any Unit Owner, or any individual or entity acting on behalf of any Unit Owner, damages any portion of a Common Element while making a repair or renovation to his Unit, then the Association shall be responsible for promptly repairing and restoring the portion of the Common Element which was damaged to the condition in which it existed prior to such event and the Unit Owner shall be responsible for paying the cost incurred by the Association in repairing and restoring the Common Element.

5.7. Laurel Lake Development Maintenance Corporation. The Association shall contract with the Laurel Lake Development Maintenance Corporation for the purpose of providing the maintenance and repairs dictated by the Laurel Lake Development Maintenance Corporation. The costs of all such repairs and maintenance performed by the Laurel Lake Development Maintenance Corporation pursuant to said contract shall be assessed to the Units themselves pursuant to Section 6 of this Declaration. Said contract shall be held by the Secretary of the Association and shall be available for review upon request by all Unit Owners.

SECTION VI

COMMON EXPENSES, ASSESSMENTS AND TAXES

6.1. Common Expenses. The cost of administration of the Association, utilities, insurance, repair, maintenance and other expenses for the Common Elements, except as otherwise specified in the Condominium Documents, shall be considered Common Expenses and paid for by the Association. The Association shall make Assessments against the Unit Owners, as well as the Units themselves, for such Common Expenses in accordance with the Allocated Interest in the manner provided in the Bylaws.

The Assessment obligation appurtenant to a Unit shall commence upon conveyance to a Unit Owner, or, for Declarant, on the 61st day after conveyance of the first unit to a third-party buyer. The percentage of the Common Expenses payable by the individual Units shall be the Allocated Interest of the Unit. No Unit Owner may exempt himself or his Unit from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by the abandonment of his Unit. No conveyance shall relieve the Unit Owner or his Unit of such liability, and he shall be jointly, severally and personally

liable along with his grantee in any conveyance for the Common Expenses incurred up to the date of sale until all such expenses charged to his Unit have been paid. A Unit, for purposes of this Section, shall exist and be made part of the Condominium only upon the recording of this Declaration, if the Unit is included in the Plat identified as Exhibit A. Declarant shall be obligated to pay all assessments for Units that it owns. However, Declarant shall be exempt from payment of any such assessments up to and for sixty (60) days after the conveyance of the first Unit to a Unit Owner. Upon the 61st day after the conveyance of the first Unit, Declarant shall pay the monthly "operating fund" fees (as defined in the Bylaws, Article VII, Section 3) for each Unit it owns, the "reserve for replacement" fees (as defined in the Bylaws, Article VII, Section 4) for each Unit it owns, and the "reserve operating fund" fees (as defined in the Bylaws, Article VII, Section 5) for each Unit it owns. Upon the sale of a Unit previously owned by the Declarant, the Declarant shall be entitled to reimbursement for funds it paid for the unsold Unit's share of the "reserve operating fund" by using funds collected at closing from the purchasing Unit Owner.

6.2. Payment of Assessments. All Assessments, when due, together with any interest thereon and actual costs of collection, shall immediately become a personal liability of the Unit Owner and also a lien, until paid, against the Unit to which charged, if a statement of lien is filed within two (2) years after the date the Assessment becomes due. The lien is effective against a Unit at the time the Assessment becomes due regardless of when within the two-year period it is filed. The personal liability for the Assessment shall not pass to a successor in title to the Unit unless the successor agrees to assume the obligation. Any statement of lien shall be filed in the land records of the Clerk of Court of Ozaukee County, stating the description of the Unit, the name of the record owners, the amount due and the period for which the Assessment was due. The statement of condominium lien shall be signed and verified by an officer of the Association as specified in the Bylaws and then shall be filed on full payment of the Assessment for which the lien is claimed, the Unit owner shall be entitled to a recordable satisfaction of the lien. Any lien for delinquent assessments shall be subordinate to a first priority mortgage on the Unit if the mortgage was recorded before the delinquent assessment became due.

6.3. Assessment for Common Expenses. Assessments shall be made against the Unit Owners and the Units at the beginning of each fiscal year of the Association to meet estimated Common Expenses of the Association for the ensuing year and shall be payable in twelve (12) monthly installments, in advance, on the first day of each month. Special Assessments for expenses incurred by the Association which relate to the Unit, Limited Common Elements or for any reason stated herein shall be made against the Unit Owners and the Units at any time the Board of Directors deems advisable. The Association shall have the authority to modify Assessments during any fiscal year. In the event of delinquency in payment, the Association may, as provided for in the Bylaws, assess penalties and interest, and may accelerate Assessments remaining unpaid with respect to such delinquent Unit for purposes of collection or foreclosure action by the Association.

6.4. Purchaser of Unit. Any Purchaser of a Unit is entitled to a statement from the Board of Directors of the Association setting forth the amount of unpaid Assessments against the

Seller. The statement shall be supplied to the Purchaser within ten (10) days after such a request. The Purchaser shall not be personally liable for, however the Unit conveyed shall be subject to, any unpaid Assessment of the Seller in the amount set forth in the statement. In the event of a foreclosure of a first mortgage on a Unit with a delinquent assessment lien, the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Unit owner from paying further assessments.

6.5. Enforcement of Lien. The Association shall have the right to enforce any lien for unpaid Assessments, shall have all of the rights and remedies provided for in Section 703.16(8) of the Act and shall exercise those rights and remedies as the Board of Directors deems appropriate. The amount of any lien claim shall include interest on the unpaid portion of an Assessment and reasonable attorneys' fees.

6.6. Real Estate Taxes. Real estate taxes shall be taxed separately to each Unit Owner for his Unit. The Declarant shall be responsible for paying all real estate taxes assessed against any Unit which it owns. In the event the Association is assessed for real estate taxes on any Unit, then the Unit Owner who owns the Unit for which the Association is assessed shall pay the real estate taxes.

6.7. Sewer Charges. Sewer charges shall be issued by the Village of Thiensville to each separate building within the Condominium and shall be paid as a budgeted common assessment by the Association. However, these charges shall remain the personal obligation of the Unit Owner and, in the event of a nonpayment of said assessment, the village shall retain the right to place the unpaid charges as a lien on the Unit Owner's real estate tax billing.

SECTION VII

USE OF CONDOMINIUM

7.1. Use of Common Elements Other Than Limited Common Elements. Each Unit Owner shall have the right to use the Common Elements, except the Limited Common Elements, as may be required for any purpose, including, but not limited to, unrestricted ingress and egress to and from and the use, occupancy and enjoyment of the Unit owned by such Unit Owner. Such rights shall extend to the Unit Owner, his family members, employees, agents, guests and invitees, and to the Declarant in the event of and with regard to any unsold Units. The use of the Common Elements and the rights of Unit Owners with respect thereto shall be subject to and governed by the provisions of the Act and the Condominium Documents.

7.2. Use of Limited Common Elements. The portions of the Common Elements designated as Limited Common Elements are reserved for the exclusive use of the Unit or Units which they serve. The rights of use herein reserved shall extend to the Unit Owner whose Unit is benefitted, and his family members, employees, agents, guests and invitees.

SECTION VIII

RESTRICTIONS ON USE, OCCUPANCY AND TRANSFER

8.1. Limitations. Each Unit Owner, its agents, representatives, guests and invitees, shall be subject to the restrictions set forth in this Declaration and the Condominium Documents, as amended from time to time, including without limitation, the fact that the Buildings and Units are intended for and restricted exclusively to residential uses; provided, however, that the Declarant reserves the right to use various Units as a sample, model or sales office or management office for the Condominium.

8.2. Declarant's Right to Transfer. The Declarant shall have the right to transfer the Units by deed, land contract or by such other means of conveyance as it may choose, and in the event Declarant shall be required to foreclose or otherwise recover possession of any Unit, Declarant shall be free to dispose of any such Unit by any means the Declarant chooses. This Section may not be amended or repealed by the Association.

**AMENDMENT TO THE DECLARATION OF
LAUREL LAKE, A CONDOMINIUM**

The following sections of the Declaration of Laurel Lake , a Condominium, shall be amended, deleted or modified as follows:

1. Section I, 1.1(e), shall be struck and restated as follows:

"Assessments" refers to both general and special assessments for common expenses, charges, fines, or assessments for damage to a unit; and penalties for violations of the Declaration, By-laws or Association Rules.

2. Section VIII, 8.3, Unit Owner's Restrictions on Leasing, shall be struck in its entirety and replaced with the following:

8.3.1 An owner of any unit prior to the date of this Amendment ("Current Owner"), may lease his/her unit if he/she complies with the following: i) no unit may be leased without a written lease; ii) any new lease or renewal of an old lease shall conform and be in compliance with all terms and conditions set forth in Wis. Stats. 703.24 and 703.315; iii) as a condition of the condominium rental lease agreement, the tenant shall agree to comply with Condominium Ownership Act, the Association Rules and By-laws, and the Declaration. The unit owner shall be required to provide such documents to a tenant before occupancy or before execution of any lease; iv) any Current Owner who renews an existing lease or enters into a new lease for his/her unit shall deliver a copy of the written lease to the Secretary of the Association within five days after the execution thereof; v) no unit owner may renew a lease for a term of less than a consecutive 12 month period; vi) Current Owner, who leases his/her unit and his/her tenant shall be liable for the payment of any assessment or for any charges or fines imposed by the Association as a result of the breach or violation of any declarations, by-laws or rules. A Current Owner, if given notice, shall also be liable for any fines or assessments imposed as a result of the tenant's violation if the tenant fails to pay said fine or assessment within thirty days after receiving notice thereof; vii) any tenant of any unit takes possession of such unit subject to all of the rules, by-laws, regulations or declaration of Laurel Lake Condominium; viii) no room in any unit may be rented and no transient tenant may be accommodated or allowed to occupy a unit; ix) as a condition of the rental or lease of a Current Owner's Unit, the Current Owner shall grant to the Association a written power of attorney whereby the Association may bring an eviction action against a tenant of the Current Owner who has committed a violation. If the Current Owner, after being requested by the Association to evict the tenant, fails to take reasonable action to so evict the tenant, within ten days after receiving such written request from the Association, the Association may, by the giving of written notice to Current Owner upon the expiration of said ten day period, of the Association's intent to commence with an eviction and that all related

costs between the Current Owner and the Association shall be charged to the Current Owner and shall be treated as an assessment to that Current Owner. Any eviction action brought by the Association shall be subject to Chapters 704 and 799 of the Wisconsin Statutes.

8.3.2 Notwithstanding any language to the contrary contained in this Section 8.3, the purchaser of a unit, subsequent to the date of approval of this Amendment ("New Unit Owner"), shall use and occupy the unit solely as a single family residential dwelling and for no other purpose. A New Unit Owner shall not lease his/her unit to a tenant or to any other person. It is the intent of the Association that the New Unit Owner shall occupy and use such unit as a private dwelling and for no other purpose. Therefore, the leasing of a unit by a New Unit Owner shall not be permitted. Any violation of this provision shall result in a fine to the New Unit Owner of \$20.00 per day, plus costs and attorney's fees in the event the Association commences with legal action.

3. Item F, leasing of units from the rules and regulations of Laurel Lake Condominiums, Inc. shall be struck and deleted.

THESE AMENDMENTS SHALL TAKE EFFECT ON JANUARY 1, 2005

8.4. Unit Owner's Use of Unit as an Office. A Unit Owner may operate an office out of his Unit if he does not: (a) erect or maintain any type of a sign, billboard or any form of advertising material which will be visible from any of the Common Elements; (b) conduct a retail business out of his Unit by which a sale is actually consummated in the Unit; (c) conduct any type of business which will unreasonably burden any of the utility facilities which service the Condominium; (d) conduct any type of business which would cause any insurance policy carried by or paid for by the Association or any other Unit Owner to be canceled or any premiums under such policies to be increased; (e) conduct any type of business which is prohibited by any federal, state, county or local law, ordinance or regulation; and (f) conduct any type of activity which would be reasonably considered offensive or obnoxious to any other Unit Owner.

8.5. Unlawful Use of Condominium or Unit. No unlawful use may be made of the Condominium or any part thereof and each Unit owner shall strictly comply with all valid laws, orders, rules and regulations of all governmental agencies having jurisdiction. Compliance with any legal requirements shall be accomplished by and shall be at the sole expense of the Unit Owner or the Board of Directors, as the case may be, whichever shall have the obligation under this Declaration to maintain and repair the portion of the Condominium affected by any such legal requirements. Each Unit Owner shall give prompt notice to the Board of Directors of any written notice he receives of the violation of any legal requirements affecting his Unit or the Condominium. Notwithstanding the foregoing provisions, any Unit owner may, at his expense, defer compliance with and contest, by appropriate proceedings prosecuted diligently and in good faith, the validity or applicability of any legal requirements affecting any portion of the Condominium which such Unit Owner is obligated to maintain and repair, and the Board of Directors shall cooperate with such Unit Owner in such proceedings, provided that:

(a) such Unit Owner shall pay and shall defend, save harmless, and indemnify the Board of Directors, the Association and each other Unit Owner against all liability, loss or damage which any of them respectively shall suffer by reason of such contest and any noncompliance with such legal requirements, including reasonable attorneys, fees and other expenses reasonably incurred;

(b) such unit owner shall keep the Board of Directors advised as to the status of such proceedings;

(c) noncompliance shall not create a dangerous condition or constitute a crime or an offense punishable by fine or imprisonment;

(d) no part of any Building of which the Unit involved is a part of shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest; and

(e) such Unit Owner shall, if required by the Association, post a bond to ensure compliance with his obligations hereunder.

The Association may also contest any legal requirements and the costs and expenses thereof shall be a Common Expense.

8.6. Unit Owners Restrictions on Use of Unit, Limited Common Elements and General Common Elements. Except as may otherwise be expressly provided in this Section VIII:

(a) No Unit Owner shall occupy or use his Unit Appurtenant thereto, or permit the same or any part thereof to be occupied or used, for any purpose other than as a private residence for himself, his family or his temporary guest.

(b) No Unit Owner, nor any of his family members, agents, invitees or guests may in any way obstruct the use of another Unit, the Limited Common Elements or the General Common Elements;

(c) No Unit Owner, nor any of his family members, agents, invitees or guests shall carry on any noxious or offensive activity in any Unit, the Limited Common Elements or the General Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to others; and

(d) Lawn furniture and grills only shall be allowed to be stored on decks, patios or balconies. Items shall be deemed to be stored on the decks, patios or balconies if they remain for a period of longer than twenty-four (24) hours.

8.7 Animal Restrictions.

(a) Pets shall be limited to one (1) dog no greater than thirty (30) pounds in weight, cats and birds. The keeping of any other pet shall require prior written approval from the Board of Directors;

(b) Pets shall be allowed provided the owners of pets shall take all reasonable actions to prevent their pets from being a nuisance, annoyance or danger to any of the Unit Owners;

(c) All pets shall be picked up after and all droppings shall be immediately disposed of by the person in control of the pet;

(d) All pets shall be leashed and within the immediate control of a person when outside of a Unit; and

(e) No Unit Owners shall own and/or board more than two (2) pets without the prior written approval from the Board of Directors of the Association.

8.8. Unit Owners Restriction on Limited Common and General Common Area Parking.

(a) To enhance the aesthetics of the Condominium and in order to facilitate required maintenance and snow plowing of the driveway and parking lots, all vehicles of any type shall be parked inside the garage or in a designated parking stall. No vehicle of any type shall be placed in any driveway or designated parking stall for storage.

(b) No boats, campers, trailers, recreation vehicles or other vehicles of similar nature and design shall be stored or parked in the Unit owner's assigned parking stall for a period of longer than twenty-four (24) hours in any one (1) week period. No individual shall be allowed to use or occupy any recreational vehicle or any similar vehicle designed or used for overnight camping while such vehicle is parked on the Property.

(c) No Unit Owner nor his family members, agents, employees, invitees or guests may use any of the parking areas for the purpose of repairing or restoring any motor vehicle.

SECTION IX

REPAIR OR RECONSTRUCTION

9.1. Repair or Reconstruction of Condominium. In the event the Condominium is destroyed or damaged to such an extent that the insurance proceeds, if any, constitute less than one hundred percent (100%) of the cost of completing repair or reconstruction, action by the Association by vote of eighty percent (80%) or more of all Unit owners taken within ninety (90) days after such damage or destruction and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes of the units that are subject to mortgages held by eligible holders taken within ninety (90) days after such damage or destruction shall be necessary to determine not to repair or reconstruct the Condominium as more fully described in Section 1, Article X of the Bylaws. Damage or destruction for which insurance proceeds are equal to or greater than one hundred percent (100%) of the cost of completing repair or reconstruction, shall be repaired or reconstructed. In the event of repair or reconstruction, such repair or reconstruction shall be pursuant to arrangement of the Board of Directors of the Association as provided in Section 12.2 of Article XII of this Declaration.

9.2. Eminent Domain. In the event of the taking of all or part of the Property under the power of eminent domain, any damages shall be awarded as provided in Section 703.19(3) of the Wisconsin Statutes, as the same is amended from time to time.

(a) **Taking of Common Elements.** Following the taking of all or a part of the Common Elements, the Association shall promptly undertake to restore the affected Common Elements to a condition compatible with the balance of the Property. Any costs

of reconstruction in excess of the condemnation award shall be a Common Expense payable by the Unit Owners in proportion to their Allocated Interest. However, if the value of the taking exceeds the value of the remaining Common Elements to the extent that, in the judgment of the Association, reconstruction or restoration is not practical, the Condominium shall be subject to an action for partition upon obtaining the written consent of the Unit Owners having eighty percent (80%) or more of the vote in the Association. All Unit Owners whose Unit is subject to a mortgage shall first obtain his Mortgagee's written consent to the Unit Owner's intended vote. In the case of partition, the net proceeds of sale, together with any net proceeds of the award of taking, shall be considered as one (1) fund and shall be divided among all Unit Owners in proportion to their Allocated Interests and shall be distributed in accordance with the priority of interests in each Unit. Any Mortgagee may require that the net proceeds of the award from any taking, payable to the Unit Owner who granted the Mortgagee its Mortgage, be paid directly to a trustee designated by the Mortgagee.

(b) **Taking of Unit.** Following a taking of all or substantially all of one (1) or more Units, such that the restoration or reconstruction of the Unit or Units is not practical, the affected Unit Owners and their Mortgagees, if any, as their respective interests may appear, shall be entitled to receive the full amount of the award for the taking of their Units. The affected Unit Owners shall thereupon release and relinquish any and all interests in their Units, the Condominium Property, and the Common Elements of the Condominium. The remaining Unit Owners shall thereafter file an amendment to this Declaration which would change the description of Property and improvements subject to the Declaration and the portion of the property designated as Units and Common Elements and change the Allocated Interest appurtenant to each Unit.

(c) **Taking of a Portion of a Unit.** In the event that a portion of any Unit is taken and the Unit is repaired or reconstructed, the Allocated Interests and vote appurtenant to such Unit shall remain unchanged.

9.3. Association as Designated Agent. The Association shall act as the designated agent and/or attorney-in-fact for each Unit Owner and their Mortgagees for the purpose of representing, negotiating and settling any proceeds or awards to be made to the Association or any Unit Owner on account of any casualty or damage to the Condominium or eminent domain proceedings which involve the Condominium. Any proceeds or awards shall be made payable to the Association for the benefit of the Unit Owners and their mortgage holders. The distribution of such funds in connection with the termination of the Condominium shall be made based upon each Unit's allocated interest pursuant to Sections 1.1(c) and 4.1 of this Declaration.

SECTION X

EASEMENTS AND ENCROACHMENTS

10.1. Utility Easements. Easements are hereby declared and granted for the benefit of the Declarant, Unit Owners and the Association and reserved for the Declarant, its successors and assigns, and the Association for utility purposes, including without limitation, the right to install, lay, maintain, repair and replace water, sewer and gas mains and laterals, telephone wires and equipment, television cable, security and communication system and equipment, and electrical conduits and wires and equipment, over, under and along any part of the Common Elements or a Unit. Notwithstanding the foregoing provisions of this Section X, unless otherwise approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant to a grantee other than the Declarant, or so as not to materially interfere with the use, occupancy or value of the Unit.

10.2. Construction Easement. Notwithstanding anything to the contrary in this Declaration or any of the Condominium Documents, until Declarant shall have completed all improvements to the Common Elements and satisfied all of its obligations under any of the Condominium Documents, Declarant reserves an easement for itself and its duly authorized agents, representatives, and employees, over portions of the Common Elements and any Units owned by Declarant for construction or renovation on the Property or related purposes including, but not necessarily limited to: storing tools, machinery, equipment, building materials, appliances, supplies and fixtures; maintaining and correcting drainage of surface, roof or storm water; cutting any trees, bushes, or shrubbery; grading the soil; or taking any other action reasonably necessary. In the event the Declarant exercises its rights under this Section X, the Declarant shall upon, completion of the construction, promptly restore the affected property as closely as possible to the condition it was in prior to the construction. Each Unit Owner hereby acknowledges that the activities of the Declarant may temporarily impair the view and cause inconveniences to the Unit Owners, and the Unit Owners shall not have any right to compensation from such impairment or inconvenience.

10.3. Easement to Facilitate Sales. The Declarant reserves the right to use any Units owned or leased by the Declarant as models, management offices, sales offices (for this and other projects) or customer service offices. The Declarant reserves the right to relocate the same from time to time within the Property; upon relocation, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the Property such advertising signs as may comply with applicable governmental regulations, which may be placed in any location on the Property and may be relocated or removed, all at the sole discretion of the Declarant. The Declarant shall have the right to restrict the use of certain Common Element parking spaces for sales purposes and to use such spaces for sales purposes. Further, the Declarant shall have the right to erect, maintain, relocate and remove temporary offices on the Property. This easement shall continue until the Declarant has sold all the Units it owns.

10.4. Support Easement. Each Unit shall have an easement for structural support over every other Unit in the Building in which it is located and in the Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in the Building in which it is located and the Common Elements.

10.5. Common Elements Easement. The Common Elements are hereby made subject to the following easements in favor of the Units benefitted:

(a) for the installation, repair, maintenance, use, removal and/or replacement of heating and hot water systems and equipment, any chutes, flues, exhaust fans, ducts, conduits, wires, cables, electrical, security, telephone, television and other communication systems, water, sewer and gas mains and laterals, and all other utility lines and distribution systems, to the extent any such system or, that portion of a system, serves a particular Unit or is necessary for service to a Unit;

(b) for the installation, repair, maintenance, use, removal and/or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Element adjacent to such Unit; provided that the installation, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the Building or impair or structurally weaken the Building; or

(c) for the maintenance of the encroachment of any lighting devices, outlets, medicine cabinets, shelving, wall safes, exhaust fans, ventilation ducts, registers, grilles and similar fixtures which serve only one (1) Unit but which encroach into any part of any Common Elements.

10.6. Unit Owner's Grant of Easement. By acceptance of a deed of conveyance, each Unit Owner thereby grants a right of access to his Unit, including without limitation the right of access provided by Section 703.32 of the Act, to the Board of Directors or the Managing Agent, their respective agents and employees, for the purpose of exercising their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in a Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical services or the Common Elements in a Unit or elsewhere in the Condominium, or to correct any condition which violates the provisions of this Declaration and any of the Condominium Documents; provided, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. Notwithstanding the foregoing, in case of an emergency, such right of entry shall be immediate and without notice, whether the Unit Owner is present at the time. Any exercise of the rights herein conferred to the extent practicable shall be in a manner so as not to interfere unreasonably with the use of a Unit.

10.7. Access Easements. The Declarant, its successors, assigns, employees and agents, hereby reserves a perpetual and non-exclusive easement on, over and through any and all common walkways and pathways, and private roadways or drives at any time a part of the Condominium for pedestrian and vehicular ingress and egress into and from any and all portions of the Condominium, and for purposes of constructing walkways, pathways, roadways, drives, or any other similar form of ingress or egress, and on, over and through any portion of the Condominium, except portions occupied by structural improvements. In the exercise of any rights hereunder, there shall be no unreasonable interference with the use of any Unit or the Common Elements for the purposes for which each is reasonably intended.

10.8. Binding Effect. All easements and rights described herein are granted and reserved to, and shall inure to the benefit of and be binding on the undersigned, their successors and assigns, and on all Unit Owners, purchasers and Mortgagees and their heirs, executors, administrators, successors and assigns. The Association and the Declarant shall have the authority to execute all documents necessary to carry out the intent of this Section X.

10.9. Encroachments. In the event, by reason of construction, reconstruction, settlement or shifting of any Building, or the design or construction of any Unit, any part of the Common Elements shall at any time encroach upon any part of any Unit, or any part of any Unit shall at any time encroach upon any part of the Common Elements or any Unit shall at any time encroach upon part of any other Unit, an easement for the continuation and maintenance of such encroachment is hereby established and shall exist for the benefit of such encroaching Unit or Common Element so long as all or any part of the Building containing such Unit, or Common Element shall remain standing; provided, however, that in no event shall an easement for any encroachment be created in favor of the owner of any Unit if such encroachment occurred due to willful and knowing conduct of said owner.

SECTION XI

MORTGAGES

11.1. Separate Mortgages of Units. No Unit Owner shall have the right or authority to Mortgage or otherwise encumber the Property or any part thereof; provided, however, that each Unit Owner shall have the right to Mortgage or encumber his own Unit.

11.2. Mortgagees. When a Mortgage is delivered by a Unit Owner to the Mortgagee, the Unit Owner shall simultaneously notify, in writing, the Secretary of the Association of the name and address of such Mortgagee. Upon receipt of such notice, the Secretary of the Association shall notify the insurer of the Mortgagee's name and address.

11.3. Roster of Mortgagees. The Board of Directors shall maintain a roster of Mortgagees from information received by the Unit Owners. The roster shall state the name and

address of each Mortgagee upon written request of the Board of Directors. Each Mortgagee shall advise the Association as to the priority of its lien on the Unit.

11.4. Liens. The liens for Assessments created under the Act or pursuant to the Declaration or the Bylaws upon the Unit shall be subject and subordinate to and shall not affect liens for general and special taxes, all unpaid sums on a first Mortgage recorded prior to the making of the Assessment, mechanic's liens filed prior to the making of the Assessment and all unpaid sums on any loan made by the Veterans Administration under Section 45.80 of the Wisconsin Statutes, as the same is amended from time to time.

11.5. Mortgagee in Possession. A Mortgagee of any Unit who comes into possession of the Unit pursuant to the remedies provided in the Mortgage shall take the Unit free of any claims for unpaid Assessments or charges against the Unit which accrued prior to the time such Mortgagee comes into possession of the Unit.

11.6. Rights of Mortgagees. Each Mortgagee, its agent or representative, upon written request to the Board of Directors, shall be entitled thereafter to the following:

- (a) notice of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under this Declaration or any of the Condominium Documents which is not cured within thirty (30) days;
- (b) copies of budgets, notice of any Assessments, or any other notices or statements provided under this Declaration by the Board of Directors to the Unit Owner;
- (c) copies of any financial statements of the Association which are distributed to the Unit Owners;
- (d) copies of notices of meetings of the Unit Owners and the right to be represented at any such meetings by a designated representative;
- (e) notice of damage in excess of \$5,000.00 to or destruction of any Unit subject to the Mortgage or any damage to the Common Elements in excess of \$10,000.00;
- (f) notice of any pending or threatened condemnation or eminent domain proceedings with respect to any part of the Property;
- (g) a notice that payment of the premium is more than ten (10) days late and notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association or any entity responsible for managing the Condominium within sixty (60) days prior to any such lapse, cancellation or material modification;

(h) notice of any decision by the Board of Directors to terminate any management of the Property;

(i) notice of any proposed action which would require the consent of Mortgagees pursuant to the Act or the Condominium Documents;

(j) the right to examine the books and records of the Association at any reasonable time and to audit the same at its sole cost;

(k) notice of any Assessment or any other charges levied by the Association which is more than sixty (60) days past due;

(l) notice of any judgment which is rendered against the Association; and

(m) the right to cure a default in the payment of any Assessment.

Unless otherwise stated, the above notices shall be in writing and shall be provided to the Mortgagee within a reasonable time after the occurrence of the event which requires a notice to be given by the Association.

11.7. Restrictions on Actions of Association. The Association may not take any of the following actions:

(a) encumber the Common Elements; or

(b) assign the future income of the Association, including its right to receive any Assessments.

No provision contained herein shall be deemed to limit the Association's power to grant any easements over the Common Elements.

11.8. Application and Effect. The provisions of this Section XI shall supersede any inconsistent provision or provisions of this Declaration, the Bylaws or the Rules and Regulations; provided however, that said provisions shall not be deemed to limit or expand the following:

(a) the right granted to the Declarant to subdivide or relocate the boundaries of Units; and/or

(b) the rights of any Unit Owner and his Mortgagee with respect to matters solely affecting such Unit and/or Mortgage.

11.9. Amendment to Declaration. No amendment to this Declaration shall affect the rights of a Mortgagee whose interest was recorded prior to the recordation of any such amendment, unless Mortgagee consents in writing to the amendment.

11.10. Priority of First Mortgagees. Except as otherwise provided by the Act, no provision of this Declaration or the Condominium Documents shall be construed to grant to any Unit Owner, or to any other party, any priority over any rights of holders of first Mortgages pursuant to their first Mortgages in case of the distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or the Common Elements or any portions thereof.

SECTION XII

INSURANCE

12.1. Insurance. The Association shall maintain fire and broad form extended coverage insurance on the Buildings and the Common Elements, including, but not limited to any fixtures owned by the Association and the Unit Owners (but excluding the personal property of the Unit Owner), in an amount not less than the replacement value of the Buildings and the Common Elements from time to time, including endorsements for automatic changes in insurance coverage as fluctuating values may warrant, contingency endorsements covering nonconforming use and a Special Condominium Endorsement. To the extent reasonably possible, the insurance shall provide (i) that the insurer waives its rights of subrogation as to any claim against the Unit Owners, the Association, the Board of Directors and their respective servants and agents, and (ii) that the insurance cannot be canceled, invalidated or suspended on account of the conduct of any one or more of the Unit Owners, or the Association, or their servants, agents and guests, without sixty (60) days prior written notice to the Association and which notice gives the Association an opportunity to cure the defect within that time. All required insurance shall be issued by an insurance company with a minimum of a B general policyholder's rating and of a class III financial size category in the Best's Key Rating Guide. The amount of protection and the types of hazards to be covered shall be reviewed by the Association at least annually and the amount of coverage may be increased or decreased at any time it is deemed necessary by the Association to conform to the requirements of replacement value insurance. Any Mortgagee may receive an insurance certificate upon ten (10) days prior written notice. The insurance shall be obtained in the name of the Association as trustee for each of the Unit Owners and their respective Mortgagees.

12.2. Proceeds of Insurance. In the event of partial or total destruction of the Buildings and/or Common Elements and the Association determines to repair or reconstruct the Buildings and/or Common Elements according to Section IX hereof and Section 1 of Article X of the Bylaws, the proceeds of such insurance shall be paid to the Association as trustee to be applied to the cost of repairing and reconstructing the particular Building(s) and/or Common Element(s) which were damaged. If it is determined (according to Section 9.1 of this Declaration and Section 1 of Article X of the Bylaws) not to reconstruct or repair any particular Building and/or Common

Element, then the proceeds shall be distributed according to Section 9.1 of Article IX hereof and Section 1 of Article X of the Bylaws.

12.3. Public Liability Insurance. The Association shall provide public liability insurance covering the Common Elements in such amounts as may be determined at the discretion of the Board of Directors from time to time; provided, however, the amount of coverage shall not be less than One Million Dollars (\$1,000,000.00) per single occurrence. The insurance coverage shall preclude the insurer's denial of a Unit Owner's claim because of the negligent acts of the Association or any Unit Owner. The Association may also provide workmen's compensation insurance, directors, and officers, liability insurance in such amounts as are determined by the Board of Directors to be necessary from time to time.

12.4. Fidelity Bonds. The Association shall provide a blanket fidelity bond for anyone who either handles or is responsible for funds held or administered by the Association. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association. In no event shall the face value of the bond be for an amount less than the sum of three (3) months' Assessment plus any reserve funds held by the Association. The bond shall include a provision that calls for ten (10) days' written notice to the Association, the Unit Owner and any Mortgagee before the bond can be canceled or substantially modified. Any management agent that handles funds for the Association shall carry a fidelity bond with the same coverage as stated above.

12.5. Separate Insurance. Each Unit Owner shall be responsible for obtaining liability insurance for his own Unit and casualty insurance for his personal property.

SECTION XIII

PROHIBITION ON PARTITION OF COMMON ELEMENTS

13.1. Partition of Common Elements. The percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it appertains. No Unit Owner shall execute any deed, Mortgage, or other instrument affecting title to such Unit ownership without including therein both his interest in the Unit and his corresponding Allocated Interest in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership.

SECTION XIV

DISCLAIMER OF LIABILITY OF ASSOCIATION

14.1. Disclaimer. Notwithstanding anything contained herein or in the Condominium Documents, the Association shall not be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Unit Owner, occupant or user of any portion of the

Property including, invitees, agents, servants, contractors or subcontractors or for any property of any such persons. Without limiting the generality of the foregoing, each Unit Owner and each other person having an interest in or lien upon, or making a use of, any portion of the Property shall be bound by this Section XIV and shall be deemed to have automatically waived any and all rights, claims, demands and causes of action against the Association arising from or connected with any matter for which the liability of the Association has been disclaimed in this Section XIV.

14.2. Parking Areas. Each Unit Owner shall be responsible for his personal property located in the parking areas or Limited Common Elements. Notwithstanding anything to the contrary contained in this Declaration, neither the Board of Directors, the Association, any Unit Owner nor the Declarant shall be (i) considered a bailee of any personal property of a Unit Owner stored in the Common Elements (including without limitation, property located in vehicles parked in the parking areas), whether exclusive possession of any particular area shall be given to any Unit Owner for parking purposes, or, (ii) responsible for the security of such personal property or for any loss or damage thereto.

SECTION XV

AMENDMENT TO DECLARATION

15.1. Amendment. Except as otherwise provided by the Act, or in this Declaration, or except as necessary to reflect an exercise or termination of the Declarant's right to expand the Condominium (in which event the Declaration may be amended solely by the Declarant without the consent of any other party), this Declaration may be amended by the agreement of Unit Owners having at least seventy-five percent (75%) of the votes in the Association and in the manner provided by Section 703.09(2) of the Act. All Unit Owners whose Unit is subject to a Mortgage shall first obtain his Mortgagee's written consent to the Unit Owner's vote in favor of or against any amendment on a form satisfactory to the Board of Directors. Copies of amendments shall be certified by the President and Secretary of the Association in a form suitable for recording. A copy of the amendment shall be recorded in the office of the Register of Deeds of Ozaukee County and such amendment shall be effective at the time it is recorded. A copy of the amendment shall be mailed or personally delivered to each Unit Owner at his address as stated on the Membership Roster. So long as the Declarant owns one (1) or more Units, this Declaration shall not be amended in any manner which would prevent or unreasonably interfere with the sale, lease or other disposition of such Units.

15.2. Special Amendments. Declarant, for as long as the Declarant shall have ownership in the Property or Condominium, or, when the Declarant no longer has an interest in the Property or Condominium, the Board of Directors shall have the right and power to record Special Amendments to this Declaration at any time and from time to time which amend this Declaration (i) to comply with requirements of the FNMA, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other

governmental agency or an other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities or any institutional lender issuing a commitment to make Mortgage loans covering twenty percent (20%) or more of the Units, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee Mortgages secured by any Unit, (iii) to conform this Declaration with the requirements of the Act, (iv) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto, or, (v) to assign the Declarant's ownership interest in the Property to another entity of its choosing. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to a Special Amendment on behalf of each Unit Owner. Each deed, Mortgage or other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power reserved to Declarant to make, execute and record Special Amendments. The rights reserved to the Declarant under this Section 15.2 shall terminate at such time as the Declarant no longer holds or controls title to any part of the Property or ten (10) years from the date this Declaration is recorded, whichever first occurs.

SECTION XVI

TERMINATION OF CONDOMINIUM

16.1. Termination of the Condominium. The Condominium may be terminated upon the approval of a Termination Agreement by a vote of the Unit Owners holding eighty percent (80%) of the votes in the Association. A Unit Owner whose Unit is subject to a Mortgage shall first obtain his Mortgagee's written consent to the vote. The Termination Agreement, which shall be executed by those who voted in favor of termination, shall include provisions relating to the use and maintenance of Common Elements after termination. The Termination Agreement shall also provide for the allocation and transfer of title to the Common Elements such that title to the Common Elements other than the Limited Common Elements, shall be vested in the successors to the Unit Owners as tenants-in-common in proportion to their predecessor Unit Owner's Allocated Interest and title to Limited Common Elements shall be vested in the former Unit or Units to which they appertain, individually or as tenants-in-common, as the case may be. The termination agreement shall be recorded in the Register of Deeds office for Ozaukee County.

SECTION XVII

ADDITIONAL PROVISIONS

17.1. Rights of Action. In the event any Unit Owner or the Association fails to comply with any provision of this Declaration or any Condominium Document, then, the Declarant, the Unit Owner, or the Association, in addition to any other rights or remedies they may have hereunder or at law or equity, shall be entitled to recover their actual attorneys' fees expended in enforcing compliance with this Declaration or the Condominium Documents.

17.2. Waiver. The failure of the Association to enforce any provision of this Declaration or any provision in the Condominium Documents or to exercise any right or option or to serve any notice or to institute any action, shall not be construed as a waiver by the Association.

17.3. Severability. The provisions contained herein shall be construed as independent and severable and the invalidity or unenforceability of any provision or portion thereof shall not be deemed to impair or affect the validity or enforceability of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect. Any conflict between any provision of any Condominium Document and the Act, or any questions regarding the interpretation of any Condominium Documents, shall be governed by the Act.

17.4. Captions. The captions and headings of various paragraphs of this Declaration are for convenience only and are not to be construed as defining or limiting the scope or intent of the provisions thereof.

17.5. No Obligations. Nothing contained in the Condominium Documents shall be deemed to impose upon the Declarant or its successors or assigns any obligations of any nature to build, renovate or provide any improvements except to the extent required by the Act.

17.6. Number and Gender. Whenever used herein, the singular number shall include the plural, the plural the singular and use of any gender shall include all genders.

17.7. Registered Agent. The registered agent for service of process shall be William R. Arpe, 225 East Mason Street, 9th Floor, Milwaukee, Wisconsin 53202 or such other person or entity as may be designated by the Board of Directors of the Association and upon proper filing of said name with the Register of Deeds for Ozaukee County, Wisconsin, and with the Department of Financial Institutions of the State of Wisconsin.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the date first set forth above.

FRED-LINDEN TWO, LLC,
a Wisconsin Limited Liability Company,

By: Fiduciary Real Estate Development, Inc.,
Its Sole Member,

By: _____
William R. Arpe, President
Fiduciary Real Estate Development, Inc.

Attest: _____
Donald S. Wilson, Secretary
Fiduciary Real Estate Development, Inc.

STATE OF WISCONSIN)
) ss
COUNTY OF MILWAUKEE)

Personally came before me this ___ day of _____, 2000, the above-named William R. Arpe and Donald S. Wilson to me known to be the people who executed the above and foregoing instrument and acknowledged the same.

Notary Public, Milwaukee County
My Commission expires: _____

SECTION XVIII

CONSENT OF MORTGAGEE

We, the undersigned, as Mortgagees of the Declarant, hereby consent to the foregoing condominium declaration for Laurel Lake Condominiums, Inc., to be created in Thiensville, Wisconsin.

Dated this _____ day of _____, 2000.

M & I MARSHALL & ILSLEY BANK

By: _____

Title: _____

EXHIBIT A

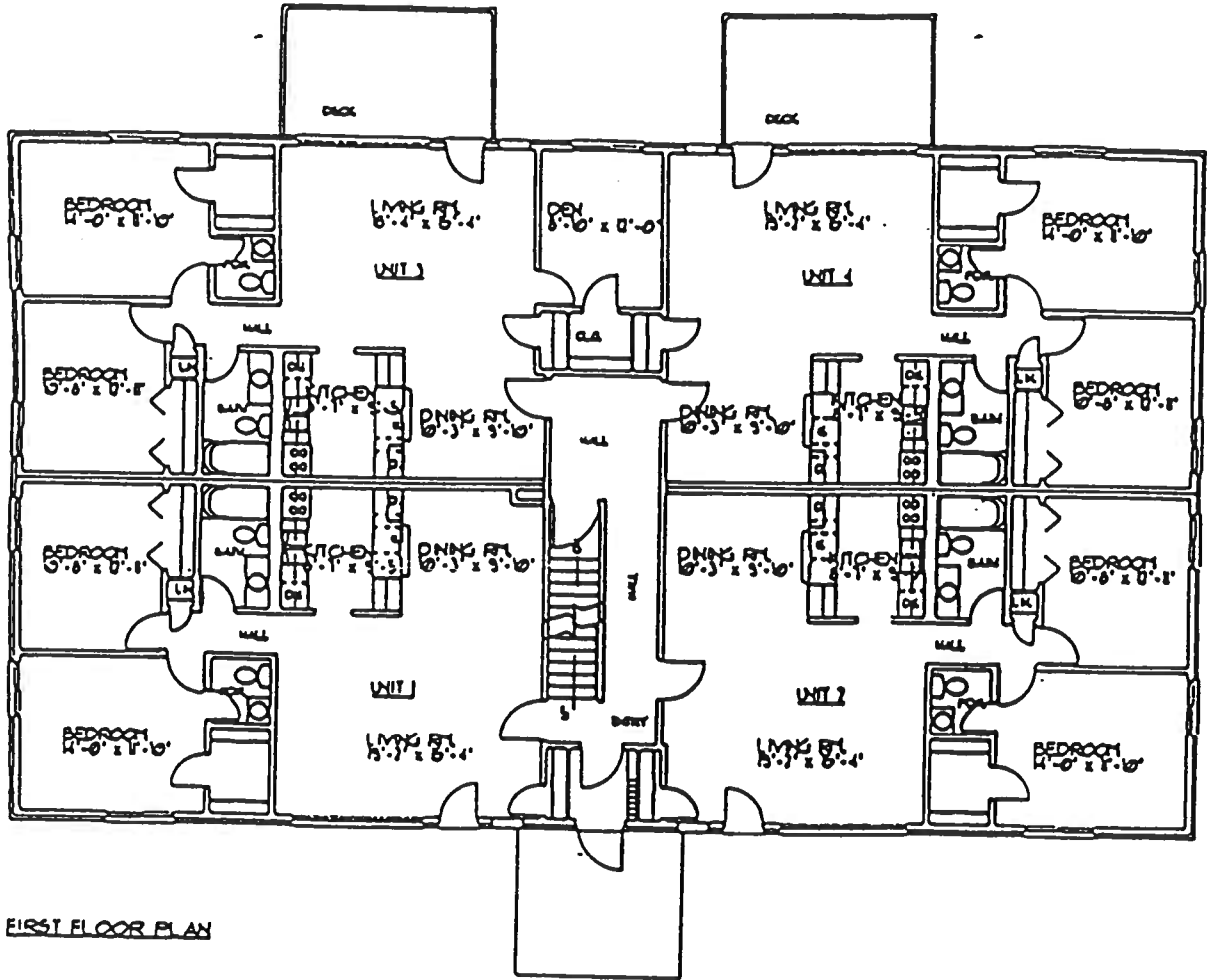
LAUREL LAKE, A CONDOMINIUM

CONDOMINIUM PLAT

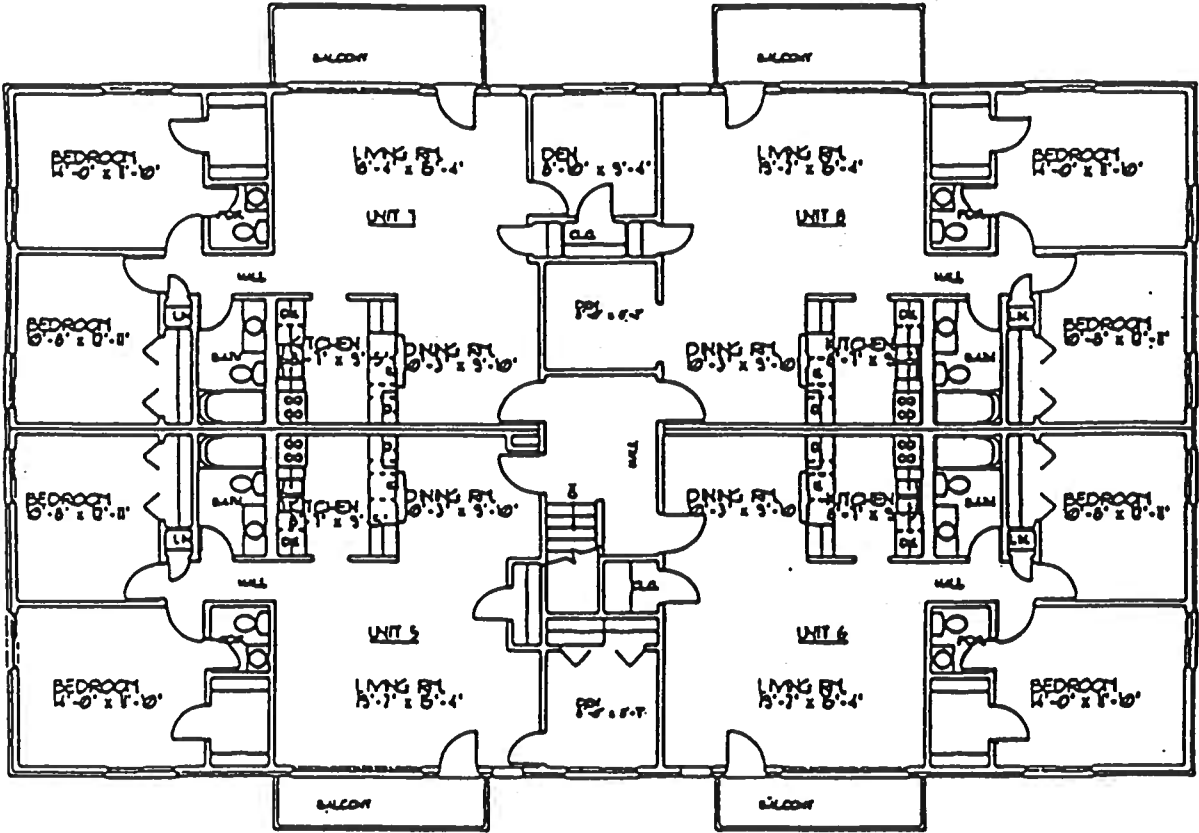
EXHIBIT B

LAUREL LAKE, A CONDOMINIUM

FLOOR PLANS



FIRST FLOOR PLAN



SECOND FLOOR PLAN

Part 2:
BYLAWS OF THE
LAUREL LAKE CONDOMINIUMS, INC.
UNIT OWNERS ASSOCIATION

BYLAWS

Table of Contents

<u>ARTICLE</u>	<u>PAGE</u>
I. Purposes	B-1
II. Offices	B-1
III. Association	B-1
IV. Board of Directors	B-3
V. Officers	B-8
VI. Indemnification	B-9
VII. Assessments	B-13
VIII. Rules And Regulations	B-15
IX. Insurance	B-15
X. Repair and Reconstruction After Fire or Other Casualty	B-16
XI. Compliance and Default	B-18
XII. Amendments	B-19
XIII. Miscellaneous	B-19

LAUREL LAKE CONDOMINIUM ASSOCIATION
612 LAUREL LAKE ROAD
THIENSVILLE, WI. 53092-1241

AMENMENT TO THE BYLAWS OF LAUREL LAKE CONDOMINIUM
ASSOCIATION, INC.

ARTICLE II SECTION 1.

CHANGE "PRINCIPAL OFFICE" OF THE ASSOCIATION TO 612 LAUREL
LAKE ROAD VILLAGE OF THIENSVILLE, COUNTY OF OZAUKEE.

**BYLAWS
OF
LAUREL LAKE CONDOMINIUMS, INC.**

The following Bylaws are accepted by Laurel Lake Condominiums, Inc. as of the ____ day of May, 2000.

All defined terms used herein but not otherwise defined herein shall have the same meaning ascribed to them in the Declaration of Laurel Lake, a Condominium (the "Declaration") as recorded in the Ozaukee County registry.

Article I. Purposes

Section 1. Purposes. The purposes for which this corporation is organized and shall be operated are as follows:

(a) to serve as an association of Unit Owners in Laurel Lake Condominiums, Inc. under the Wisconsin Condominium Ownership Act (hereafter the corporation shall be referred to as the "Association");

(b) to serve as a means through which the Unit Owners may collectively and efficiently administer, manage, operate and control the Condominium in accordance with the Wisconsin Condominium Ownership Act and the Declaration; and

(c) to engage in any lawful activity included in and permitted under the Wisconsin Condominium Ownership Act, the Declaration and the purposes for which a nonstock, nonprofit corporation may be organized.

Article II. Offices

Section 1. Principal Office. The initial principal office of the Association shall be located at 225 East Mason Street, City of Milwaukee, County of Milwaukee. The Association may have such other offices, either within or without the State of Wisconsin, as the Board of Directors may designate from time to time.

Section 2. Registered Office. The initial registered office shall be the same as principal office.

Article III. Association

Section 1. Membership. The Association shall have one (1) class of voting Membership. The Members shall be all the Unit Owners. Members shall have one (1) vote for each Unit owned. Every Unit Owner, upon acquiring title to a Unit under the terms of the Declaration, or upon entering into a land contract for the purchase of a Unit, 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. In the event a Unit is owned by more than one (1) person or entity, the person or entity who shall be entitled to vote for the Unit shall be the person or entity named on a certificate executed by all of the co-owners of the Unit and filed with the Secretary of the Association.

Section 2. Unit Owner Prohibited from Voting. No Unit Owner may vote at any meeting if his monthly assessment fee is thirty (30) days past due and/or the Association has a lien against the Unit for an unpaid amount due the Association, or if the Association has instituted an action to perfect a lien and the amount necessary to release such lien has not been paid at the time of such meeting, or if the amount necessary to release an instituted lien action has not been escrowed with a title insurance company authorized to do business in the State of Wisconsin.

Section 3. Proxies. Any Unit vote may be cast pursuant to a proxy executed by the Unit Owner. No proxy shall be revocable except by actual notice of revocation given to the presiding officer of the meeting by the Unit Owner or by the majority in interest of the co-owners. All proxies must be filed with the Secretary of the Association before the time of the meeting for which they are given. Every proxy shall state the time at which it shall terminate, the date it was executed and that it shall not be revocable without notice. In any event, except with respect to proxies in favor of a Mortgagee, no proxy shall be valid for a period in excess of one hundred eighty (180) days.

Section 4. Membership Roster. The Secretary of the Association shall maintain a Membership Roster which states the name and address of each person or entity entitled to cast a vote on behalf of a Unit, co-owners of a Unit shall provide the Association with a certificate naming the individual or entity entitled to vote on behalf of the Unit. Any change in the designation of the individual or entity entitled to vote shall be delivered to the Secretary of the Association.

Section 5. Annual Meetings. The first annual meeting of the Unit Owners shall be held within twelve (12) months following the date of recordation of the Declaration, or on or before the date of conveyance of Units by the Declarant to which seventy-five percent (75%) or more of the Allocated Interests in the Condominium appertain, whichever first occurs. Unless otherwise determined by the Board of Directors, annual meetings of the Association held after the first annual meeting shall be held on the same day of the same month of each succeeding year, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the next succeeding Monday which is not a legal holiday. Meetings of the Association shall be held at the office of the Condominium or at such other suitable place convenient to Unit Owners as from time to time may be designated by the Board of Directors.

Section 6. Special Meetings. The President, the Board of Directors or the Members having one-twentieth (1/20th) of the votes in the Association may call a special meeting, upon a written petition signed by Unit Owners holding not less than thirty-three percent (33%) of the Allocated Interests in the Condominium. The only issues which may be addressed at a special meeting are those issues stated in the notice of such meeting.

Section 7. Notice of Meetings. The Secretary shall cause to be sent to each Unit Owner written notice of the time, place and purpose or purposes of all general and special meetings of the Association. Such notice shall be given at least ten (10) days but no more than thirty (30) days in advance of the meeting. Such notice shall be sent by United States mail, first class postage prepaid. In lieu of mailing notice of a meeting in the manner provided in this Section, the Secretary may cause such notice to be personally delivered; provided however, the Secretary of the Association shall certify in writing that such notice was personally delivered to the Unit Owner.

Section 8. Conduct Of Meetings. The minutes of all meetings shall be held in a minute book maintained for the Association by the Secretary. The then current Robert's Rules of order or any other rules of procedure acceptable to a majority of the votes of Unit Owners shall govern the conduct of all meetings of the Association when not in conflict with these Bylaws, the Declaration or the Act. All votes shall be tallied by a person or persons appointed by the presiding officer of the meeting.

Section 9. Majority Required to Act. Except as otherwise required by the Act, the Declaration or these Bylaws, decisions of the Association shall be made by a Majority of the votes of Unit Owners present, in person or by proxy, at a meeting of the Association at which a quorum is present.

Section 10. Quorum. A quorum for the purposes of general or special meetings shall consist of thirty-three percent (33%) of the votes entitled to vote unless otherwise required by the Act, Declaration or any of the Condominium Documents.

Section 11. Action Without Meeting. Any action by Unit Owners required or permitted to be taken at a meeting may be taken without a meeting if all of the Unit Owners (and Mortgagees, if required,) shall consent in writing to such action. Any such unanimous written consent shall be filed with the minutes of the proceedings of the meetings of the Association.

Article IV. Board of Directors

Section 1. General Powers. The affairs of the Association shall be managed by its Board of Directors. The Board of Directors shall utilize and distribute the net earnings and principal funds of the Association solely in accordance with the purposes for which the Association was organized.

Section 2. Number; Declarant Control.

(a) The Declarant shall designate three (3) persons to the initial Board of Directors. None of the Directors designated by Declarant need to be a Unit Owner and each shall serve until control of the Association passes to the Unit Owners as provided in this Section. The Board of Directors shall be expanded to a maximum of five (5) members, in the manner and at the times set forth below. Each Member of the Board of

Directors elected other than the three (3) Directors designated by Declarant must be a Unit Owner;

(b) At the first annual meeting, if Units sold equal twenty-five percent (25%) or less of the Allocated Interest in the Condominium, then the Unit Owners, other than the Declarant shall elect one (1) Director; thereafter, the Board of Directors shall be composed of four (4) persons; or

(c) At the first annual meeting, or at such time as the Units sold equal at least twenty-six percent (26%) but no more than fifty percent (50%) of the Allocated Interest in the Condominium, then the Unit Owners other than the Declarant shall elect two (2) Directors; thereafter, the Board of Directors shall be composed of five (5) persons.

(d) A special meeting shall be held on or before forty-five (45) days after the earlier to occur (i) thirty (30) days after the date of conveyance of Units to which seventy-five percent (75%) of the Allocated Interest of the Condominium appertain, or (ii) the date of expiration of ten (10) years from the date of the first conveyance to any purchaser other than Declarant of any Unit in the Condominium, at which special meeting all remaining Members of the Board of Directors appointed by the Declarant shall resign and one (1) new Member of the Board of Directors shall be elected by all Unit Owners, including the Declarant, to the extent the Declarant then owns any Units. These Members of the Board of Directors shall serve until their successors shall have been elected at the next succeeding annual meeting.

(e) For purposes of this Article, the calculation of the percentage of Units sold shall be based on the percentage of undivided interest appertaining to each Unit which has been conveyed assuming that all the Units to be included within the Condominium pursuant to any expansion thereof are included in the Condominium.

Section 3. Term of Office. Each Director shall serve a term of one (1) year beginning after the conclusion of the annual meeting and continuing until the next annual meeting.

Section 4. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary or required for the administration and implementation of the affairs of the Association. Such powers and duties shall be exercised in accordance with the provisions of the Act, Declaration and any of the Condominium Documents. Such powers and duties shall include, but not be limited to, the following:

(a) To promulgate and enforce the Rules and Regulations.

(b) To contract for and dismiss the services of accountants or other employees or agents and to pay to said persons reasonable compensation.

(c) To adopt an annual budget in which there shall be established the required contribution of each Unit Owner to the Common Expenses.

(d) To operate, maintain, repair, improve and replace the Common Elements and facilities as provided for in the Declaration and other Condominium Documents.

(e) To ascertain the amount of and pay the Common Expenses.

(f) To enter into contracts, deeds, leases, or other written agreements which authorize the execution and delivery thereof by the appropriate officers.

(g) To open bank accounts on behalf of the Association and designate the signatories required therefor.

(h) To initiate, prosecute and settle litigation for itself, the Association and the Condominium, provided that it shall make no settlement which results in a liability against the Board of Directors.

(i) To obtain property and casualty insurance on behalf of the Association as required by the Condominium Documents with respect to the Units and the Common Elements and to obtain insurance in accordance with these Bylaws and to settle any claim under any such policies of insurance.

(j) To repair or restore the Property as required by the Act and/or the Declaration.

(k) To own, purchase or lease, hold and sell, or otherwise dispose of, on behalf of the Unit Owners, items of personal property necessary to or convenient in the conduct and management of the business and affairs of the Association and in the operation of the Property, including without limitation, furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

(l) To keep adequate books and records as required by the Act and the Condominium Documents.

(m) To have a corporate seal, if required.

(n) To approve and sign checks and issue payment vouchers.

(o) To pay off liens against any portion of the Property.

(p) To collect Assessments from Unit Owners and deposit the proceeds thereof in the proper accounts.

(q) To borrow money and enter into promissory notes on behalf of the Association when required in connection with the operation and maintenance of the Common Elements; provided, however, that at no time shall there be borrowed or owed in excess of Two Thousand Five Hundred Dollars (\$2,500) without the prior consent of at

least sixty-six percent (66%) of the votes of Unit Owners obtained at a meeting duly called and held for such purpose.

(r) Purchasing on behalf of all Unit Owners any Unit whose Unit Owner has elected to sell such Unit or any Unit which is to be sold at a foreclosure or other judicial sale. Such authority shall include the power to subsequently sell or otherwise convey such property, provided, however, that the Board of Directors may not take any such action set forth within this subsection, either buying or selling, without the prior consent of a least sixty-six percent (66%) of the votes of all Unit Owners in the Association obtained at a meeting duly called and held for such purpose.

(s) Contract for the services of a Managing Agent and to delegate to a Managing Agent all of its foregoing powers, duties and responsibilities referred to above except for those set forth in subparagraphs (a), (c), (f) (except for contracts under \$5,000.00), (g), (h), (i), (q), and (r), above and to bring, prosecute or settle litigation.

(t) To appoint an Architectural Control Committee which shall be empowered to review and approve all exterior improvements, alterations and modifications to the Condominium.

Section 5. Regular Meetings. The Board of Directors may provide, by resolution, the time and place, within the State of Wisconsin, for the holding of regular meetings.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons calling such meetings shall fix any time or place, within the State of Wisconsin, for holding any special meeting of the Board of Directors.

Section 7. Removal of Members of the Board of Directors. The Declarant may by written notice to the Board of Directors remove any Director appointed to the Board of Directors by Declarant and appoint a successor Director. Any Director, except for a Director appointed by the Declarant, may be removed from office either with or without cause, by the affirmative vote of a Majority of Directors then in office taken at a special meeting of Directors called for that purpose.

Section 8. Incapacity or Death of a Director. If a Director shall be incapacitated to the extent he is unable to perform his duties as a Director or if a Director dies during his term as a Director, then a new Director shall be chosen as provided for in Section 9 of this Article.

Section 9. Vacancies. Except for Directors appointed by Declarant, any vacancy occurring in the Board of Directors may be filled until the next succeeding annual election by the affirmative vote of a Majority of the Directors then in office, although less than a quorum of the Board of Directors.

Section 10. Notice. Notice of a regular meeting shall be given at least ten (10) business days prior to the date thereof and notice of any special meeting shall be given at least forty-eight (48) hours prior to the time thereof. Notices may be given orally or by written notice delivered personally, mailed by United States Mail or by Federal Express or some other similar form of commercial delivery system or sent by facsimile machine to each Director at his last known address, or by telegram. If mailed, a notice shall be deemed to be delivered when deposited in the United States Mail or when deposited with a Federal Express agent or some other agent of a similar form of commercial delivery system so addressed with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when given to the telegraph company. Whenever any notice is required to be given to any Directors of the Association under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of any statute, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting and objects thereafter to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 11. Telephone Meetings. The Board of Directors may conduct its meetings by means of a conference telephone or similar communication equipment if all persons participating in such meeting can hear and talk to each other at the same time. Such participation shall constitute presence in person at any such meeting.

Section 12. Quorum. A Majority of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but though less than a quorum is present at a meeting a Majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 13. Manner of Acting. 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, unless the act of a greater number is required by these Bylaws or by law.

Section 14. Compensation. The Board of Directors, by affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of its Members or the fact that they may also be Officers, may establish reasonable compensation of all Directors for services rendered to the Association as Directors or otherwise, or may delegate such authority to an appropriate committee.

Section 15. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association within twenty-four (24) hours after

the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 16. Informal Action. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof 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 or Members of such committee.

Section 17. Committees. The Board of Directors may appoint and dismiss committees made up of Unit Owners as the Board of Directors from time to time deems desirable to assist in the administration or operation or affairs of the Condominium.

Article V. Officers

Section 1. Principal Officers. The principal officers of the Association shall be a President, one (1) or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary shall be elected by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary and President and Vice President.

Section 2. Election and Terms of Office. The Officers shall be elected by the Board of Directors at its annual meeting. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until the next annual meeting of the Board of Directors or until his successor is duly elected and qualified unless sooner terminated by his death, resignation or removal.

Section 3. Removal. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any principal office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the Principal Executive Officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Board of Directors. He may sign, with the Secretary or any other Officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or some other law to be otherwise signed or executed. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in the event of his death or inability to act, the Vice President or if there shall be more than one (1), the Vice Presidents in the order determined by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President or Vice Presidents, as the case may be, shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. Secretary. The Secretary shall: (a) keep any minutes of the Board of Directors, meetings in one (1) or more books provided for that purpose; (b) see that all notices are duly given; (c) be custodian of the corporate books and records of the Association; (d) count all votes at any meeting of the Association; and, (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the Treasurer shall at the expense of the Association obtain a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever; (c) deposit all monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (d) in general, perform all of the duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. Salaries. Officers shall ordinarily serve without compensation, but in unusual circumstances the Board of Directors may approve salaries for the Officers. No officer shall be prevented from receiving any salary by reason of the fact that he is also a Director of the Association.

Section 10. Qualifications. All Officers shall be Unit Owners, except for the Officers selected by the Board of Directors when controlled by Directors designated by the Declarant.

Article VI. Indemnification

Section 1. Definitions Relating to Indemnification. For the purposes of this Article VI, the following terms shall have the meanings ascribed to them in this Section:

(a) "Director" or "Officer" shall mean any of the following:

(i) a natural person who is or was a Director or Officer of the Association;

(ii) a natural person who, while a Director or Officer of the Association, is or was serving at the Association's request as a Director, Officer, partner, trustee, member of any governing or decision-making committee,

employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise;

(iii) a natural person who, while a Director or Officer of the Association, is or was serving an employee benefit plan because his duties to the Association also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan; and

(iv) unless the context requires otherwise, the estate or personal representative of a Director or Officer.

(b) "Expenses" shall include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.

(c) "Liability" shall include the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(d) "Party" shall mean a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(e) "Proceeding" shall mean any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the Association or by any other person.

Section 2. Mandatory Indemnification.

(a) The Association shall indemnify a Director or Officer, to the extent he has been successful on the merits or otherwise in the defense of a Proceeding, for all reasonable Expenses incurred in the Proceeding if the Director or Officer was a Party because he is a Director or Officer of the Association.

(b) In cases not included under subparagraph (a), above, the Association shall indemnify a Director or Officer against Liability incurred by the Director or Officer in a Proceeding to which the Director or Officer was a Party because he is a Director or Officer of the Association, unless Liability was incurred because the Director or Officer breached or failed to perform a duty he owes to the Association and the breach or failure to perform constitutes any of the following:

(i) a willful failure to deal fairly with the Association or its Members in connection with a matter in which the Director or Officer has a material conflict of interest;

(ii) a violation of criminal law, unless the Director or Officer had reasonable cause to believe his conduct was lawful or no reasonable cause to believe his conduct was unlawful;

(iii) a transaction from which the Director or Officer derived an improper personal profit; or

(iv) willful misconduct.

Determination of whether indemnification is required under this subparagraph (b) shall be made under the provisions of Article VI Section 3 hereof. The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea shall not, by itself, create a presumption that indemnification of the Director or Officer is not required under this subparagraph (b).

(c) A Director or Officer who seeks indemnification under this Section shall make a written request to the Association.

(d) Indemnification under this Section is not required if the Director or Officer has previously received indemnification or allowance of the same Expenses from any person, including the Association, in connection with the same Proceeding.

Section 3. Determination of Right to Indemnification. Unless provided otherwise by a written agreement between the Director or Officer and the Association, determination of whether indemnification is required under subsection (b) of Article VI Section 2 shall be made by one (1) of the following methods: (i) by a majority vote of a quorum of the Board of Directors consisting of the Directors who are not at the time parties to the Proceedings or, if a quorum of disinterested Directors cannot be obtained, by a majority vote of a committee duly appointed by the Board of Directors (which appointment by the Board may be made by Directors who are parties to the Proceeding) consisting solely of two (2) or more Directors who are not at the time parties to the Proceedings; (ii) by a panel of three (3) arbitrators consisting of (a) one (1) arbitrator selected by a quorum of the Board of Directors or its committee constituted as required under (i), above, or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the Proceedings, (b) one (1) arbitrator selected by the Director or Officer seeking indemnification, and, one (1) arbitrator selected by the other two (2) arbitrators; (iii) by a court of competent jurisdiction; or (iv) by any other method provided for under Article VI Section 5.

Section 4. Allowance of Expenses as Incurred. Upon written request by a Director or Officer who is a Party to a Proceeding, the Association may pay or reimburse his reasonable Expenses as incurred if the Director or Officer provides the Association with all of the following:

(a) a written affirmation of his good faith belief that he or she has not breached or failed to perform his duties to the Association; and

(b) a written undertaking, executed personally or on his behalf, to repay the allowance, and, if required by the Association, to pay reasonable interest on the allowance to the extent that it is ultimately determined under Article VI Section 3 hereof that indemnification under Article VI Section 2 is not required and that indemnification is not ordered by a court under Article VI Section 6. The undertaking under this Subparagraph shall be an unlimited general obligation of the Director or Officer and may be accepted without reference to his ability to repay the allowance. The undertaking may be secured or unsecured.

Section 5. Additional Rights to Indemnification and Allowance of Expense. Except as provided in this Article VI Section 5, the provisions of Article VI Section 2 and Article VI Section 4 hereof do not preclude any additional right to indemnification or allowance of Expenses that a Director or Officer may have under any of the following:

- (a) the written agreement between the Director or Officer and the Association;
- or
- (b) a resolution of the Board of Directors.

Regardless of the existence of an additional right to indemnification or allowance of Expenses, the Association shall not indemnify a Director or Officer or permit a Director or Officer to retain any allowance of Expenses unless it is determined by or on behalf of the Association that the Director or Officer did not breach or fail to perform a duty he owes to the Association which constitutes conduct under Article VI Section 2(b)(I)-(iv). A Director or Officer who is a Party to the same or related Proceeding for which indemnification or an allowance of Expenses is sought may not participate in a determination under this Subparagraph. None of the provisions contained in this Article VI shall affect the Association's power to pay or reimburse Expenses incurred by a Director or Officer in any of the following circumstances:

- (a) as a witness in a Proceeding to which he is not a Party; or
- (b) as a plaintiff or petitioner in a Proceeding because he or she is or was an employee, agent, Director or Officer of the Association.

Section 6. Court ordered Indemnification. Except as provided otherwise by written agreement between the Director or Officer and the Association, a Director or Officer who is a Party to a Proceeding may apply for indemnification to the court conducting the Proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under the provisions of Article VI Section 3(iii) or for review by the court of an adverse determination under Article VI Section 3(i), (ii) or (iv).

Section 7. Contract. The assumption by a person of a term of office as a Director or Officer of the Association or, at the request of the Association, as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise, and the continuance in office or service of those persons who are any such Directors or Officers as of the adoption of this

Article VI, shall constitute a contract between such person and the Association entitling him during such term of office or service to all of the rights and privileges of indemnification afforded by this Article VI as in effect as of the date of his assumption or continuance in such term of office or service, but such contract shall not prevent, and shall be subject to modification by, amendment of this Article VI at any time prior to receipt by the Association of actual notice of a claim giving rise to any such person's entitlement to indemnification hereunder.

Section 8. Insurance. The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Association, or is or was serving at the request of the Association as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether the Association would have the power to indemnify him against such liability under the provisions of this Article VI or Chapter 181 of the Wisconsin Statutes.

Section 9. Effect of Invalidity. The invalidity or unenforceability of any provision of this Article VI shall not affect the validity or enforceability of any other provision of this Article VI or of these Bylaws.

Article VII. Assessments

Section 1. Fiscal Year. The fiscal year of the Condominium shall commence on January 1 of each year (except that the first fiscal year shall commence upon the recording of the Declaration) and terminate on December 31 of such year unless otherwise determined by the Board of Directors.

Section 2. Preparation of Budget. The Declarant shall prepare a budget for the first fiscal year of the Condominium. Each year thereafter, the Board of Directors shall adopt a budget at least thirty (30) days before the beginning of the new fiscal year. The annual budget shall provide for an "operating fund" and after the sale of the first Unit for a "reserve for replacement fund." Promptly upon completion of the budget, the Board of Directors shall send to each Unit Owner a copy of such budget and a statement setting forth the obligation of each Unit Owner pursuant to the provisions of this Article VII to pay his Allocated Interest of the Common Expenses based upon such budget.

Section 3. Operating Fund. The operating fund shall be used for the payment of Common Expenses which the Association is required to pay on behalf of the Unit Owners. Such Common Expenses shall include normal and recurring expenses including, but not limited to, management services, insurance, common services, administration, materials and supplies.

Section 4. Reserve for Replacement Fund. The reserve for replacement fund shall be used for future Common Expenses which the Association is required to pay on behalf of the Unit Owners. Such Common Expenses may include, but not be limited to, roof replacement and driveway/parking lot resurfacing. These funds may be kept in the same bank account as the

Operating Funds, but must be accounted for separately in the general ledger maintained by the Association.

Section 5. Reserve Operating Fund. From and after the date of sale of the first Unit, the Board of Directors, in an account separate from the operating fund and reserve for replacement fund, shall establish and maintain adequate reserves for the payment of extraordinary expenses. The reserve operating fund shall have a balance of at least two (2) times the monthly Assessments collected from all the Unit Owners. The initial funding of the reserve operating fund shall come from the buyers of individual Units at the time of closing when they will advance an amount equal to two (2) months installments of the regular annual Association Assessment if at any time the Board of Directors use any portion of the funds in this account, each Unit Owner will be assessed their prorata share of the expenditure. The Declarant is prohibited from using the reserve operating fund to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while it is in control of the Association pursuant to Article IV of these Bylaws.

Section 6. General Assessments. Each Unit shall receive a notice of annual Assessment promptly after the final budget is prepared. The final budget will show the amount assessed to the particular Unit, how that amount was determined and that one-twelfth (1/12th) of the amount of the Assessment is due on the first day of each month of the year. The amount due on the first day of each month shall be paid by the Unit Owner to the Association or the Managing Agent. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the expenses incurred and paid by the Association for such fiscal year, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year. For purposes of this Article VII Section 6, the Declarant shall be responsible for the payment of the Assessment as outlined in Section 6.1 of the Declaration.

Section 7. Special Assessments. The Board of Directors, upon the affirmative vote of sixty-six percent (66%) of all the Directors, may at any time assess a Special Assessment which shall be used to pay any deficiency in the operating fund, reserve replacement fund, or operating reserve fund. The Board of Directors shall also have the right to make any other Special Assessment as provided herein or in the Condominium Documents upon the affirmative vote of sixty-six percent (66%) of all the Directors. If such a Special Assessment is levied against a Unit for disrepair or maintenance cost of the Unit or for any other matter stated in the Condominium Documents incurred by the Association, then the Unit Owner shall pay the entire Special Assessment. Upon the determination of the amount of the Special Assessment, the Board of Directors shall give notice to each Unit Owner of the amount assessed to each Unit, the date when payment of the amount is due and the reason for the Special Assessment.

Section 8. Penalty and Default in Payment. If any payment for any Assessment is not received by the Association within fifteen (15) days after the date such payment is due, a late payment penalty equal to Ten Dollars (\$10.00) shall be assessed against the Unit; and if any payment for any Assessment is not received by the Association within thirty (30) days after the date such payment is due, a late payment penalty equal to Twenty-Five Dollars (\$25.00) shall be

assessed against the Unit for each thirty (30) day period the payment is late. In addition, the Board of Directors shall have the right and duty to attempt to recover such Assessments, together with interest thereon, and the expenses of the proceedings, including attorneys' fees, in an action brought against such Unit Owner, and/or by foreclosure of the lien on such Unit granted by Section 703.16 of the Act. The Association or the Board of Directors, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey, vote the votes appurtenant to, or otherwise deal with the same after such purchase. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. The Board of Directors shall also have the right to prohibit such Unit Owner from voting at a meeting of the Association or serving on the Board of Directors, 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.

Section 9. Books and Accounts. The Treasurer shall keep the books and accounts of Condominium Association in accordance with generally accepted accounting practices. The books and accounts of the Association shall be available for examination by the Unit Owners and contract purchasers, and/or their duly authorized agents or attorneys, and to the holder of any Mortgage, and/or its duly authorized agents or attorneys, during normal business hours.

Article VIII. Rules And Regulations

Section 1. Rules and Regulations. In addition to the Rules and Regulations initially promulgated by the Declarant, the Board of Directors may enact Rules and Regulations for the use, repair and maintenance of the Units and Common Elements, provided, that such Rules and Regulations are not contrary to or inconsistent with the Act or any of the Condominium Documents. Copies of and changes to the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

Section 2. Enforcement. The Rules and Regulations in effect from time to time shall be enforced by such means as the Association deems necessary and appropriate, including recourse to civil authorities, court action if necessary, and monetary fines of not less than \$25.00 per day per violation, nor more than \$100.00 per day per violation.

Article IX. Insurance

Section 1. Directors, and Officers, Liability. The Board may obtain and maintain, in a reasonable amount, Directors' and Officers' Liability Insurance coverage to protect against wrongful and dishonest acts on the part of the officers, Directors, employees and other agents of the Association, including the Managing Agent, who either handle or are responsible for handling the funds held or administered by the Association.

Article X. Repair and Reconstruction After Fire or Other Casualty

Section 1. General Requirements.

(a) When Repair and Reconstruction are Required. Except as provided in paragraph (b) of this Section, in the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty, the Board shall arrange for and supervise the prompt repair and restoration of the Condominium (excluding only betterments and improvements supplied or installed by or other personal property of the Unit Owners in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the interior cosmetic redecoration of his or her own Unit.

By acceptance of the deed to a Unit, each Unit Owner shall be deemed to have consented to the foregoing authorization and direction for repair and reconstruction. Such authorization and direction shall be deemed continuous action by the Association by unanimous consent pursuant to Section 11, Article III of these Bylaws and shall constitute the determination by the Association and the Unit Owners to repair or reconstruct as required by the Act. If, notwithstanding the foregoing provisions, such a determination is submitted to the vote of the Unit Owners, then the vote of one (1) Unit Owner shall be sufficient to determine to repair or reconstruct.

(b) When Reconstruction is not Required. If the Condominium is destroyed by fire or other casualty to an extent more than the available insurance proceeds, and, if within ninety (90) days after the date of such destruction, Unit Owners owning Units to which at least eighty percent (80%) of the votes in the Association appertain and eligible mortgage holders who represent at least fifty-one percent (51%) of the votes of the Units that are subject to mortgages held by eligible holders agree to waive and terminate the Condominium regime, the Condominium shall be subject to an action for partition, in which event the net proceeds of sale and the insurance policies, if any, shall be considered as one (1) fund, and distributed by the Board or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective Allocated Interest after first paying out of the share of each Unit Owner, to the extent sufficient for this purpose, the amount of any unpaid liens on such Unit Owner's Condominium Unit, in the order of the priority of such liens. In the event of a partition pursuant to Section 9.2 of the Condominium Declaration, all Unit Owners whose Unit is subject to a Mortgage shall first obtain his Mortgagees' written consent to the Unit owner's intended vote. Until the execution of judgement partitioning the Condominium, each Unit Owner, and his or her heirs, successors or assigns, shall have an exclusive right of occupancy of that part of the Condominium which formerly constituted his or her Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any part of the Condominium, the Board shall obtain detailed estimates of reconstruction and repair costs so as to restore the Condominium to a condition as good as

that existing before such fire or other casualty. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary or desirable.

(b) Casualty Assessments. If the proceeds of insurance maintained by the Board are not sufficient to defray the estimated costs of reconstruction and repair, or if at any time during reconstruction and repair, the funds for the payment thereof are insufficient, special casualty assessment in sufficient amounts to provide payment of such costs shall be deemed to be a general obligation of all Unit Owners; accordingly, the Board shall levy such special casualty assessments against all Unit Owners in proportion to the respective Allocated Interest of all Units. Special casualty assessments shall not require the approval of the Association, anything in these Bylaws to the contrary notwithstanding.

(c) Determination Amount of Special Casualty Assessment; Use of Reserve for Replacement Funds. If the Board determines that the repair or reconstruction of any portion of the Condominiums (including one or more Buildings) after a casualty will, upon completion, materially reduce the necessity of maintaining any reserve for replacement fund at its then current level, the Board may utilize such reserve for replacement fund to the extent it deems appropriate to reduce or eliminate the amount of any special casualty assessment.

(d) Plans and specifications. Except upon the approval of the Association, any reconstruction or repair of the Condominium in accordance with this Article shall be made substantially in accordance with the plans and specifications under which the Condominium originally was constructed, subject to the requirements of applicable law at the time of such reconstruction or repair.

Section 3. Disbursements.

(a) Construction Fund. The net proceeds of insurance collected on account of casualty, together with any sums received by the Board from collections or special casualty assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner: If the estimated cost of reconstruction and repair is One Hundred Thousand Dollars (\$100,000.00) or less, then the construction fund shall be disbursed in payment of such costs upon order of the Board; if the estimated cost of reconstruction and repair is more than One Hundred Thousand Dollars (\$100,000.00), then the construction fund shall be disbursed in payment of such costs by the Insurance Trustee upon approval of an architect qualified to practice in the State of Wisconsin and employed by the Insurance Trustee to supervise such reconstruction and repair, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by the various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with such reconstruction and repair and stating that: (i) the sums requested by them in payment are justly due and

owing and do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of reconstruction and repair for which the fund is established, such balance shall be divided among all Unit Owners who paid special casualty assessments levied pursuant to Section 2 of this Article in proportion to their payments.

(c) Common Elements. When damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of replacing and repairing those portions of the Common Elements which enclose and/or service the Units, next to the cost of replacing and repairing the perimeter walls of the Units, next to the cost of replacing and repairing the other Common Elements, and the balance, if any, to the cost of replacing and repairing the Units.

(d) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President (or the Vice President) and the Secretary of the Association, certifying (i) whether the damaged property is required to be reconstructed and repaired, (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction funds, and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 4. Common Elements: When Reconstruction Is Not Required. If the Board elects not to repair insubstantial damage to the Common Elements, the Board shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all Unit Owners in proportion to their respective Allocated Interests.

Article XI. Compliance and Default

Section 1. Unit Owners. All Unit Owners shall be governed by and shall comply with the provisions of the Act and the Condominium Documents, as any of the same may be amended from time to time. A default by a Unit Owner shall entitle the Association or an aggrieved Unit owner to the relief as provided in this Article XI.

Section 2. Fines. The Board of Directors may establish and assess fines against Unit Owners for every violation of the Condominium Documents or the Act by the Unit Owner, his family members, guests, invitees, employees and/or agents. If a Unit Owner requests in writing a

hearing before the fine is imposed, the imposition of the fine shall be suspended until hearing before the Board of Directors is held. Fines are Special Assessments and shall be collectible as such. In any proceeding arising out of any alleged violation by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

Section 3. 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 to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Article XII. Amendments

Section 1. Amendments. These Bylaws may be altered, amended or repealed and new Bylaws adopted by the Members, at a meeting called for such purpose, by an affirmative vote of Unit Owners of Units to which at least seventy-five (75%) of the votes in the Association appertain. The amendment shall be effective when it is duly adopted and notice of such amendment is delivered to the Unit Owners.

Section 2. Notices. All notices required under these Bylaws shall be in writing and shall be deemed to have been duly given upon delivery if delivered personally or upon mailing if sent by United States mail, first-class postage prepaid, or otherwise as the Act may require or permit at the following:

- (a) if to the Unit owner, at the address shown on the Membership Roster; and
- (b) if to the Association or its Managing Agent, at the registered office of the Association.

Article XIII. Miscellaneous

Section 1. Invalidity. The invalidity or unenforceability of any portion of these Bylaws shall not affect the validity or enforceability of any other provision of these Bylaws.

Section 2. Captions. The captions and headings of various paragraphs and sections of these Bylaws are for convenience only and are not to be construed as defining or limiting the scope or intent of the provisions thereof.

Section 3. Internal Revenue Code. Notwithstanding anything herein contained to the contrary, no action shall be required or permitted to be taken under these Bylaws or by the officers or Directors of this Association which would not be permitted to be taken by an organization described in Section 528 of the Internal Revenue Code of 1986, as amended.

Section 4. Number and Gender. Whenever used herein, the singular number shall include the plural, the plural the singular and use of any gender shall include all genders.

Section 5. Defined Terms. Terms defined in the Declaration shall have the same meaning herein unless the context clearly indicates to the contrary.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed this _____ day of May, 2000.

LAUREL LAKE CONDOMINIUMS, INC.

By: _____
Craig Raddatz, President/Treasurer

Attest: _____
_____, Vice President/Secretary

Part 3:

**ARTICLES OF INCORPORATION
OF
LAUREL LAKE CONDOMINIUMS, INC.**

ARTICLES OF INCORPORATION

Table of Contents

Article I.	Name	C-2
Article II.	Period of Existence	C-2
Article III.	Purposes	C-2
Article IV.	Powers	C-3
Article V.	Members	C-3
Article VI.	Directors	C-3
Article VII.	Principal Office and Initial Registered Agent	C-3
Article VIII.	Incorporator	C-4
Article IX.	Amendments	C-4
Article X.	Stock and Dividends	C-4

**ARTICLES OF INCORPORATION
OF
LAUREL LAKE CONDOMINIUMS, INC.**

I, the undersigned adult resident of the State of Wisconsin, desiring to form a nonprofit, nonstock corporation under the Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, do hereby execute these Articles of Incorporation.

Article I. Name

The name of the corporation shall be:

“Laurel Lake Condominiums, Inc.”

Article II. Period of Existence

The corporation shall exist perpetually.

Article III. Purposes

The purposes for which the corporation is organized are as follows:

(a) To serve as an association of Unit Owners who own real estate and improvements under the condominium form of use and ownership as provided in Chapter 703 of the Wisconsin Statutes, commonly known as the Condominium Ownership Act, as the same may be amended, renumbered or renamed from time to time, hereafter referred to as the “Act”, and subject to the terms and conditions of the Declaration of Laurel Lake, a Condominium, as recorded in the office of the Register of Deeds for Ozaukee County, Wisconsin (the “Declaration”);

(b) To provide for the administration, maintenance, preservation and control of “Laurel Lake Condominiums, Inc.” in accordance with and in furtherance of the Declaration of said condominium created under and pursuant to the Act; and

(c) To engage in any lawful activity within the purposes for which corporations may be organized under The Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, as the same now provides and as the same may hereafter be amended to provide, subject to the Act and the Declaration.

Article IV. Powers

The corporation shall have and exercise all necessary or convenient powers enumerated in The Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, to the extent not inconsistent with the Condominium Ownership Act, Chapter 703 of the Wisconsin Statutes, the Declaration or the Bylaws of the corporation, to effect its purposes.

Article V. Members

The corporation shall have one (1) class of members. The designation of said class, the qualifications, rights, and method of acceptance of members shall be set forth in the Bylaws of the corporation. Membership shall be terminated and members may be expelled as set forth and in the manner provided in the Bylaws of the corporation. Transfer of membership, or any right arising therefrom, is permitted as set forth and in the manner provided in the Bylaws of the corporation. The right of a member to vote may be limited, enlarged or denied to the extent specified in the Bylaws of the corporation.

Article VI. Directors

The number of directors constituting the initial Board of Directors shall be three (3). Thereafter, the number of directors constituting the Board of Directors and their election and/or appointment shall be fixed by or in the manner provided in the Bylaws of the corporation. The initial Board of Directors shall consist of the following individuals:

Mr. Craig Raddatz
Fiduciary Real Estate Development, Inc.
225 East Mason Street
Milwaukee, WI 53202

Ms. Christine Brauckhoff
Fiduciary Real Estate Development, Inc.
225 East Mason Street
Milwaukee, WI 53202

Ms. Jennifer Domres
Fiduciary Real Estate Development, Inc.
225 East Mason Street
Milwaukee, WI 53202

Article VII. Principal Office and Initial Registered Agent

The address of the principal office of the corporation, located in Milwaukee County, is:

225 East Mason Street
Milwaukee, WI 53202

The name of the initial registered agent at such address is:

William R. Arpe, President
Fiduciary Real Estate Development, Inc.
225 East Mason Street
Milwaukee, WI 53202

Article VIII. Incorporator

The incorporator's name and address is:

William R. Arpe, President
Fiduciary Real Estate Development, Inc.
225 East Mason Street
Milwaukee, WI 53202

Article IX. Amendments

These articles may be amended, at any time, in the manner authorized by the provisions of The Wisconsin Nonstock Corporation Law, Chapter 181 of the Wisconsin Statutes, in effect at the time of such amendment.

Article X. Stock and Dividends

The corporation shall not have or issue shares of stock. No dividend shall ever be paid and no part of the assets or surplus of the corporation shall be distributed to the members, directors, or officers except upon dissolution of the corporation. In the event of dissolution of the corporation, all assets, after payment of liabilities, shall be distributed to the members in accordance with the provisions of the Declaration and the Bylaws of the corporation.

Executed in duplicate originals this ____ day of May, 2000.

William R. Arpe

STATE OF WISCONSIN)
)
MILWAUKEE COUNTY)

ss.

Personally came before me this ____ day of May, 2000, the above-named William R. Arpe to me known to be the person who executed the above and foregoing instrument and acknowledged the same.

Notary Public, Milwaukee County
My Commission expires:_____

Part 4:

ANNUAL OPERATING BUDGET OF

LAUREL LAKE,

a Condominium

Laurel Lake Annual Operating Budget

Laurel Lake maintenance association fee	480
Lawn and grounds/Janitorial/Snow	4,200
Light bulbs	100
Water softener salt	1,152
Well maintenance	192
Hauling expense	770
Pest control	384
Legal	200
Accounting	200
Electricity	3,648
Gas/Heat	5,184
Sewer	3,456
Property and liability Insurance (Common area)	1,500
Maintenance, repairs & supplies	2,688
Total	<u>24,154</u>
Management fee (10.50/unit/month)	<u>2,016</u>
Total	<u>26,170</u>
Reserve 10%	<u>2,617</u>
Total fees	<u>\$28,787</u>

Total per unit per month

\$250.00

~~\$250~~

Heat included

Part 5:

**RULES AND REGULATIONS OF
LAUREL LAKE,
a Condominium**

**RULES AND REGULATIONS
OF
LAUREL LAKE, A CONDOMINIUM**

The following are the Rules and Regulations of Laurel Lake, a Condominium, as promulgated by the Declarant. These Rules and Regulations may be amended or repealed by the Board of Directors of the Association at any time during the existence of the Condominium. Copies of all amendments to the Rules and Regulations shall be furnished to the Unit Owners by the Board of Directors prior to the time such amendment shall be effective. Capitalized terms not defined herein shall have the meaning attributed to such terms as set forth in the Declaration of Laurel Lake, a Condominium.

A. Parking:

1. To enhance the aesthetics of the Condominium and in order to facilitate required maintenance and snow plowing of the driveway and parking lots, all vehicles of any type shall be parked inside the garage or in a designated parking stall. No vehicle of any type shall be placed in any driveway or designated parking stall for storage.

2. No boats, campers, trailers, recreation vehicles or other vehicles of similar nature and design shall be stored or parked in the outdoor parking areas for a period of longer than twenty-four (24) hours in any one (1) week period. No individual shall be allowed to use or occupy any recreational vehicle or any similar vehicle designed or used for overnight camping while such vehicle is parked on the Property.

3. No Unit Owner nor his family members, agents, employees, invitees or guests may use any of the parking areas for the purpose of repairing or restoring any motor vehicle which is allowed to be parked on the Property.

B. Use of Unit and Common Elements:

1. No Unit Owner shall occupy or use his Unit or the Common Elements appurtenant thereto, or permit the same or any part thereof to be occupied or used, for any purpose other than as a private residence for himself, his family or his temporary guests.

2. No Unit Owner, nor any of his family members, agents, employees, invitees or guests may in any way obstruct the use of the Common Elements or another Unit.

3. No Unit Owner, nor any of his family members, agents, employees, invitees or guests shall carry on any noxious or offensive activity in any Unit or in the Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to others.

4. No Unit Owner, nor his family members, agents, employees, invitees or guests shall commit any form of waste in the Common Elements.

5. No Unit Owner shall allow his Unit to be used for any improper, immoral, unlawful or objectionable purpose, nor shall any Unit Owner do anything to injure the reputation of the Condominium.

6. No Unit Owner, nor his family members, agents, employees, invitees or guests shall allow the unreasonable or unsightly accumulation of waste, litter or any form of trash in any area except in such designated areas.

7. Lawn furniture and ~~grills~~ only shall be allowed to be stored on decks, patios or balconies. Items shall be deemed to be stored on the decks, patios or balconies if they remain for a period of longer than twenty-four (24) hours.

8. No patios, balconies or decks shall be used for shaking or drying laundry, carpets, rugs or clothing.

9. Visible real estate signs, or "For Sale" signs of any size are prohibited.

10. No storage of any personal belongings shall be allowed outside of the storage lockers in the garage.

C. Architectural Control Committee:

The Architectural Control Committee shall promulgate rules and regulations regarding what plans, specifications and other types of documentation must be provided to the Architectural Control Committee in order for the Architectural Control Committee to render a decision regarding any planned improvement which the Architectural Control Committee must review. The Architectural Control Committee shall have twenty (20) business days from the receipt of the plans, specifications or other documentation to approve or disapprove the planned improvement; provided, however, if the planned improvement requires additional time to evaluate, the Architectural Control Committee shall be given such additional time as is reasonably necessary to evaluate the planned improvement. All reasonable expenses incurred by the Architectural Control Committee, including, but not limited to, the retaining of consulting engineers, architects and designers, shall be paid by the Unit Owner who is requesting the evaluation of the planned improvement. In addition to the items set forth in the Declaration which require the consent of the Architectural Control Committee, the following alterations shall also require the approval of the Architectural Control Committee:

1. The installation of all awnings, canopies, enclosures, doors or windows;
2. The installation of non-movable or attached grills on any patio, balcony, or deck;

3. The installation of any television or radio antennas or any device used for reception of radio waves;

4. The installation of any structure, trailer, tent, shack, barn or any temporary structure; and

5. The installation of any signs, displays, posters or advertising material of any kind which are visible to the public. (This rule shall not apply to any sign or advertising material erected or installed by the Declarant.)

D. Animals.

1. Pets shall be limited to one (1) dog no greater than thirty (30) pounds in weight, cats, and birds. The keeping of any other animals shall require prior written approval from the Board of Directors;

2. Pets shall be allowed provided the owners of pets shall take all reasonable actions to prevent their pets from being a nuisance, annoyance or danger to any of the Unit Owners;

3. All pets shall be picked up after and all droppings shall be immediately disposed of by the person in control of the pet;

4. All pets shall be leashed and within the immediate control of a person when outside of a Unit; and

5. No Unit Owners shall own and/or board more than two (2) pets.

E. Increase of Insurance Rates.

1. No Unit Owner, nor his family members, agents, employees, invitees or guests shall do or act in any manner in any Unit or in the Common Elements which will cause an increase in the rate of insurance on the Common Elements.

2. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on any unit or any part of the Common Elements, or which would be in violation of any law or ordinance.

CHAPTER 703 CONDOMINIUMS

703.01	Condominium ownership act.	703.195	Acquisition of common elements by condemners.
703.02	Definitions.	703.20	Books of receipts and expenditures.
703.03	Application of chapter.	703.21	Separate taxation.
703.04	Status of the units.	703.22	Mechanics' and materialmen's liens.
703.05	Ownership of units.	703.23	Resident agent; exemption of unit owners from liability.
703.06	Alterations prohibited.	703.24	Remedies for violations by unit owner or tenant of a unit owner.
703.07	Establishment of condominium.	703.25	Tort and contract liability.
703.08	Notice prior to conversion of residential property to condominium.	703.255	Noncompletion of units.
703.09	Declaration.	703.26	Expanding condominiums.
703.093	Alternative procedure for amending declaration.	703.265	Addendum to plat to reflect changes in building codes or zoning ordinances.
703.095	Modification and correction of recorded condominium instruments, amendments and addenda.	703.27	Zoning and building regulations.
703.10	Bylaws.	703.275	Merger or consolidation of condominiums.
703.105	Display of the United States flag.	703.28	Removal from provisions of this chapter.
703.11	Condominium plat.	703.29	Removal no bar to subsequent resubmission.
703.115	Local review of condominium instruments.	703.30	Rules of construction.
703.12	Description of units.	703.31	Personal application.
703.13	Percentage interests.	703.315	Lease or rental agreements for residential units.
703.14	Use of common elements.	703.32	Easements and encroachments.
703.15	Association of unit owners.	703.33	Disclosure requirements.
703.155	Master associations.	703.34	Blanket mortgages and other blanket liens affecting a unit at time of first conveyance.
703.16	Common expenses and common surpluses.	703.35	Termination of contracts and leases.
703.161	Annual budget.	703.36	Provisions requiring employment of declarant or vendor to effect sale.
703.163	Statutory reserve account.	703.365	Small condominiums.
703.165	Lien for unpaid common expenses, unpaid damages, and unpaid penalties.	703.37	Interpretation.
703.17	Insurance.	703.38	Applicability to existing condominiums.
703.18	Repair or reconstruction.		
703.19	Eminent domain.		

NOTE: 2003 Wis. Act 283, which affected this chapter, contains extensive explanatory notes.

703.01 Condominium ownership act. This chapter shall be known as the "Condominium Ownership Act".

History: 1977 c. 407.

State and federal regulation of condominiums. Minahan, 58 MLR 55.

Condominium conversion and tenant rights—Wisconsin statutes section 703.08: What kind of protection does it really provide. Wynn, 63 MLR 73 (1979).

Transferring Declarant Rights and Obligations Under the Wisconsin Condominium Ownership Act. Ishikawa. Wis. Law. Feb. 1992.

703.02 Definitions. In this chapter, unless the context requires otherwise:

(1b) "Addendum" means a condominium instrument that modifies a recorded condominium plat.

(1d) "Allocated interests" means the undivided percentage interest in the common elements, the liability for common expenses and the number of votes at meetings of the association appurtenant to each unit.

NOTE: Sub. (1d) is repealed eff. 11-1-04 by 2003 Wis. Act 283.

(1h) "Amendment" means a condominium instrument that modifies a recorded condominium declaration.

(1m) "Association" means all of a condominium's unit owners acting as a group, either through a nonstock, nonprofit corporation or an unincorporated association, in accordance with its bylaws and declaration.

(2) "Common elements" mean all of a condominium except its units.

(3) "Common expenses and common surpluses" mean the expenses and surpluses of an association.

(4) "Condominium" means property subject to a condominium declaration established under this chapter.

(5) "Condominium instruments" mean the declaration, plats and plans of a condominium together with any attached exhibits or schedules.

(6) "Conversion condominium" means a structure which, before the recording of a condominium declaration, was wholly or partially occupied by persons other than those who have con-

tracted for the purchase of condominium units and those who occupy with the consent of the purchasers.

(6m) "Correction instrument" means an instrument drafted by a licensed land surveyor that complies with the requirements of s. 59.43 (2m) and that, upon recording, corrects an error in a condominium plat. "Correction instrument" does not include an instrument of conveyance.

(7) "Declarant" means any owner who subjects his or her property to a condominium declaration established under this chapter. The term includes an assignee of the declarant under s. 703.09 (4).

NOTE: Sub. (7) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(7) "Declarant" means any owner who subjects his or her property to a condominium declaration established under this chapter.

(8) "Declaration" means the instrument by which a property becomes subject to this chapter, and that declaration as amended from time to time.

(9) "Expandable condominium" means a condominium to which additional property or units or both may be added in accordance with the provisions of a declaration and this chapter.

(10) "Limited common elements" mean those common elements identified in a declaration or on a condominium plat as reserved for the exclusive use of one or more but less than all of the unit owners.

(11) "Majority" or "majority of unit owners" mean the condominium unit owners with more than 50% of the votes assigned to the units in the condominium declaration.

(12) "Mortgagee" means the holder of any recorded mortgage encumbering one or more units or a land contract vendor.

(13) "Person" means an individual, corporation, partnership, association, trustee or other legal entity.

(14) "Property" means unimproved land, land together with improvements on it or improvements without the underlying land. Property may consist of noncontiguous parcels or improvements.

(14g) "Removal instrument" means an instrument that complies with the requirements of s. 59.43 (2m) and that removes property from the provisions of this chapter upon recording.

703.02 CONDOMINIUMS

"Removal instrument" does not include an instrument of conveyance.

(14m) "Small condominium" means a condominium with no more than 12 units.

NOTE: Sub. (14m) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(14m) "Small residential condominium" means a condominium with no more than 4 units, all of which are restricted to residential uses.

(15) "Unit" means a part of a condominium intended for any type of independent use, including one or more cubicles of air at one or more levels of space or one or more rooms or enclosed spaces located on one or more floors, or parts thereof, in a building. A unit may include 2 or more noncontiguous areas.

(16) "Unit number" means the number identifying a unit in a declaration.

(17) "Unit owner" means a person, combination of persons, partnership or corporation who holds legal title to a condominium unit or has equitable ownership as a land contract vendee.

History: 1977 c. 407; 1985 a. 188; 1997 a. 333; 1999 a. 85; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

The definition of "unit" under sub. (15) encompasses a property on which there is no constructed unit. *Aluminium Industries v. Camelot Trails*, 194 Wis. 2d 575, 535 N.W.2d 74 (Ct. App. 1995).

Small lock boxes were not "intended for any type of independent use" within the meaning of "unit" under sub. (15). Because there are no valid units, there could be no valid condominium units, and the conveyance of riparian rights to docks attempted to be transferred as common elements were not valid. *ABKA Limited Partnership v. DNR*, 2002 WI 106, 255 Wis. 2d 486, 648 N.W.2d 854.

703.03 Application of chapter. This chapter applies only to property, a sole owner or all of the owners of which submit the property to the provisions of this chapter by duly executing and recording a declaration as provided in this chapter.

History: 1977 c. 407.

703.04 Status of the units. A unit, together with its undivided interest in the common elements, for all purposes constitutes real property.

History: 1977 c. 407.

703.05 Ownership of units. A unit owner is entitled to the exclusive ownership and possession of his or her unit.

History: 1977 c. 407.

703.06 Alterations prohibited. Except as otherwise provided in this chapter, no unit owner may make any alteration that would jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, or change the exterior appearance of a unit or any other portion of the condominium not part of the unit.

NOTE: This section is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

703.06 Alterations prohibited. Except as otherwise provided in this chapter, no unit owner may do any alteration which would jeopardize the soundness or safety of the property, reduce the value thereof, or impair any easement or hereditament.

History: 1977 c. 407; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.07 Establishment of condominium. (1) A condominium may only be created by recording condominium instruments with the register of deeds of the county where the property is located. A condominium declaration and plat shall be presented together to the register of deeds for recording.

(2) A condominium instrument, and all amendments, addenda and certifications of a condominium instrument, shall be recorded in every county in which any portion of the condominium is located, and shall be indexed in the name of the declarant and the name of the condominium. Subsequent instruments affecting the title to a unit which is physically located entirely within a single county shall be recorded only in that county, notwithstanding the fact that the common elements are not physically located entirely within that county. Subsequent amendments and addenda shall be indexed under the name of the condominium.

(3) All instruments affecting title to units shall be recorded and taxed as in other real property transactions.

History: 1977 c. 407; 1997 a. 333.

703.08 Notice prior to conversion of residential property to condominium. (1) Residential real property may not be converted to a condominium unless the owner of the residential real property gives prior written notice of the conversion to each of the tenants of the building or buildings scheduled for conversion. During the 60-day period immediately following the date of delivery of the notice a tenant has the first right to purchase the unit, if the unit is offered for sale at any time during that period, for any of the following:

NOTE: Sub. (1) (Intro.) is shown as renumbered from sub (1) and amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(1) Residential real property may not be converted to a condominium unless the owner of the residential real property gives 120 days' prior written notice of the conversion to each of the tenants of the building or buildings scheduled for conversion. A tenant has the exclusive option to purchase the unit for a period of 60 days following the date of delivery of the notice.

(a) The price at which the unit is being offered on the market.

NOTE: Par. (a) is created eff. 11-1-04 by 2003 Wis. Act 283.

(b) The price contained in any accepted offer to purchase the unit.

NOTE: Par. (b) is created eff. 11-1-04 by 2003 Wis. Act 283.

(c) The price otherwise agreed to by the tenant and the seller.

NOTE: Par. (c) is created eff. 11-1-04 by 2003 Wis. Act 283.

(2) A tenant may not be required to vacate the property during the 120-day period immediately following the date of delivery of the notice required under sub. (1) except for:

NOTE: Sub. (2) (Intro.) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(2) A tenant may not be required to vacate the property during the period of the notice required under sub. (1) except for:

(a) Violation of a covenant in the lease; or

(b) Nonpayment of rent.

(3) A tenant may waive in writing his or her first right of purchase under sub. (1), his or her right to remain on the property under sub. (2), or both.

NOTE: Sub. (3) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

Condominium conversion and tenant rights—Wisconsin statutes section 703.08: What kind of protection does it really provide. *Wynn*, 63 MLR 73 (1979).

703.09 Declaration. (1) A condominium declaration shall contain:

(a) The name and address of the condominium and the name shall include the word "condominium" or be followed by the words "a condominium".

(b) A description of the land on which the condominium is, or is to be, located, together with a statement of the owner's intent to subject the property to the condominium declaration established under this chapter.

(c) A general description of each unit, including its perimeters, location and any other data sufficient to identify it with reasonable certainty.

(d) A general description of the common elements together with a designation of those portions of the common elements that are limited common elements and the unit to which the use of each is restricted. Fixtures designed to serve a single unit, located contiguous to the unit's boundaries, are deemed limited common elements appertaining to that unit exclusively and need not be shown or designated as limited common elements in the condominium instruments.

(e) The percentage interests appurtenant to each unit.

(f) The number of votes at meetings of the association of unit owners appurtenant to each unit.

(g) Statement of the purposes for which the building and each of the units are intended and restricted as to use.

(h) The name and address of the resident agent under s. 703.23.

NOTE: Par. (h) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(h) The name of the person to receive service of process in the cases provided in this chapter, together with the address of that person and the method by which the association may designate a successor to the person.

(i) Provision as to the percentage of votes by the unit owners which shall be determinative of whether to rebuild, repair, restore or sell the property in the event of damage or destruction of all or part of the property.

(j) Any further details in connection with the property which the person executing the declaration deems desirable to set forth consistent with this chapter, except those provisions which are required to be included in the bylaws.

(k) A condominium declaration shall be signed by the owners of the property in the same manner as required in conveyances of real property.

NOTE: Par. (k) is renumbered 703.09 (1c) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(1c) A condominium declaration shall be signed by the owners of the property and any first mortgagee of the property or the holder of an equivalent security interest in the property in the same manner as required in conveyances of real property.

NOTE: Sub. (1c) is shown as renumbered from 703.09 (1) (k) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(2) Except as provided in sub. (4) and ss. 703.093, 703.13 (6) (c) and (d) and (8) (b), and 703.26, a condominium declaration may be amended with the written consent of at least two-thirds of the aggregate of the votes established under sub. (1) (f) or a greater percentage if provided in the declaration. An amendment becomes effective when it is recorded in the same manner as the declaration. The document submitting the amendment for recording shall state that the required consents and approvals for the amendment were received. A unit owner's written consent is not effective unless it is approved in writing by the first mortgagee of the unit, or the holder of an equivalent security interest, if any. Approval from the first mortgage lender or equivalent security interest holder, or the person servicing the first mortgage loan or its equivalent on a unit, constitutes approval of the first mortgagee or equivalent security interest holder under this subsection.

NOTE: Sub. (2) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(2) Except as provided in s. 703.26, a condominium declaration may be amended with the written consent of at least two-thirds of the unit owners or a greater percentage if provided in the declaration. An amendment becomes effective when it is recorded in the same manner as the declaration. A unit owner's written consent is not effective unless it is approved by the mortgagee of the unit, if any.

(3) (a) If an amendment to a condominium declaration has the effect of reducing the value of any unit owner's interest in any common element, including any limited common element, and increases the value of the declarant's or any other unit owner's interest in the common element or limited common element, then the declarant or other unit owner shall compensate the unit owner the value of whose interest is reduced in the amount of the reduction in value, either in cash or by other consideration acceptable to the unit owner.

(b) A unit owner may waive the right to obtain compensation under par. (a) in writing.

(c) Paragraph (a) does not apply to an expanding condominium under s. 703.26.

(4) A declarant may assign his or her rights and obligations as a declarant under this chapter by recording an amendment to the declaration that includes the assignment and an acceptance of the assignment that is signed by the assignee and acknowledged. A declarant may not assign under this subsection less than all of his or her rights and obligations as a declarant under this chapter.

NOTE: Sub. (4) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 1985 a. 188, 332; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

An amendment of a condominium declaration that changed a common area to a limited common area but did not change the owners' percentage interests in the common areas did not require unanimous approval of all owners and was valid. Any reduction in value due to the change from common area was recoverable under s.

703.09 (3) (a) by the owners whose condominium value decreased due to the change. *Newport Condominium Association v. Concord-Wisconsin*, 205 Wis. 2d 577, 556 N.W.2d 775 (Ct. App. 1996).

703.093 Alternative procedure for amending declaration. (1) As an alternative to s. 703.09 (2), a condominium declaration may be amended under this section if at least two-thirds of the aggregate of the votes established under s. 703.09 (1) (f), or a greater percentage if provided in the declaration, consent to the amendment in writing and those consents are approved by the mortgagees or holders of equivalent security interests in the units. An amendment becomes effective when it is recorded in the same manner as the declaration.

(2) The association has 180 days to secure the required consents and approvals under this section, commencing with the recording of an affidavit with the register of deeds of the county in which the condominium is located. The affidavit shall do all of the following:

(a) Set forth the text of the proposed amendment.

(b) Provide the name and address of the senior executive officer of the association to whom inquiries should be directed with regard to the proposed amendment.

(c) State that a notice was sent to each owner of record and each lender of record for each unit of the association on the date the affidavit is recorded.

(d) Be signed by the senior executive officer of the association.

(3) Notice of a proposed amendment to a declaration under this section shall be mailed on the date the affidavit is recorded under sub. (2) to the owner of each condominium unit and to any mortgagee of, or holder of an equivalent security interest in, each unit, as identified in a title report prepared on the date the notice is sent.

(4) The notice mailed under sub. (3) shall do all of the following:

(a) Contain a copy of the text of the proposed amendment and a current copy of this section.

(b) Include a written ballot to be signed by the unit owner, identifying the unit casting the ballot and identifying each owner of record of that unit as of the date the affidavit is recorded under sub. (2). The ballot shall include a place for any mortgagee or equivalent security interest holder to whom notice is sent under sub. (3) to indicate its approval or objection under sub. (5) (b).

(c) State that, if more than one person is an owner of the unit and the owners cannot agree how to cast the ballot, the unit's vote shall be treated as a vote in opposition to the proposed amendment.

(d) State that a ballot signed by only one owner shall count as the ballot of that unit, unless more than one ballot is received by the association for that unit, in which case all ballots received for that unit must concur in the vote cast or the ballots, collectively, shall be treated as a vote in opposition to the proposed amendment by that unit.

(e) State that the proposed amendment must be voted on as written and that no changes to the proposed amendment may be accomplished by this vote.

(f) Include the address to which the completed ballot should be mailed or delivered.

(5) (a) The owner of each unit shall vote on the proposed amendment by signing the ballot before a notary public and by mailing the signed and notarized ballot or by personally delivering it to the association of unit owners at the applicable address specified under sub. (4) (f).

(b) Each mortgagee or equivalent security interest holder receiving the notice under sub. (3) shall signify its approval or objection to the amendment by having an authorized person sign the ballot before a notary public and by returning the signed, notarized ballot to the association.

(6) The association may rely on the list of owners of record set forth in a title report obtained as of the date the affidavit is

703.093 CONDOMINIUMS

recorded under sub. (2), unless the association receives a written notice, signed and notarized by both the previous owner and the new owner, advising the association that ownership of the unit has changed. The association shall send a copy of the notice under sub. (3) to the new owner of a unit and any mortgagee or equivalent security interest holder promptly after receiving notice of the transfer of ownership. It is the responsibility of the new unit owner to comply with this section. If the previous owner had voted prior to the change in ownership, the new owner may execute the ballot included in the notice under sub. (3), which ballot, when returned by the new owner, shall supersede and replace any ballot cast by the previous owner if the required approval of any mortgagee or equivalent security interest holder is also timely received. The 180-day period applicable to receipt of the ballot for the unit shall be extended to a date 14 days after the ballot is mailed by the association if the ballot is mailed within 14 days before the end of the 180-day period.

(7) Any person acquiring a mortgage or equivalent security interest on a unit after the affidavit is recorded under sub. (2) may notify the association in writing of the mortgage or equivalent security interest lien, identifying the unit on which it holds a lien, and signify its approval of or objection to the proposed amendment to the declaration.

(8) If the association receives the required number of consents and approvals from unit owners and mortgagees and equivalent security interest holders within the required time after the affidavit is recorded under sub. (2), the senior executive officer of the association shall record an amendment in the office of the register of deeds of the county in which the condominium is located, setting forth the facts satisfying the requirements of this section and providing record notice to all interested persons that the declaration has been revised, effective upon the recording of the amendment, and restating the entire declaration, as amended.

(9) The association shall, for a period of 2 years following the recording of the amended declaration under sub. (8), retain on file and make available for inspection at the place where the condominium financial records are maintained all of the following:

(a) The title report under sub. (6) relied upon by the association.

(b) All of the ballots received by the association from unit owners.

(c) All written approvals or objections received by the association from mortgagees and equivalent security interest holders.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.095 Modification and correction of recorded condominium instruments, amendments and addenda. A recorded condominium instrument, amendment or addendum may only be modified by recording an amendment, addendum or correction instrument, or by removal from the provisions of this chapter under s. 703.28 (1). The register of deeds may not record a correction instrument if it does not refer to the instrument being corrected and may not record amendments and addenda unless they are numbered consecutively and bear the name of the condominium as it appears in the declaration.

History: 1997 a. 333.

703.10 Bylaws. (1) **BYLAWS TO GOVERN ADMINISTRATION.** The administration of every condominium shall be governed by bylaws. Every unit owner shall comply strictly with the bylaws and with the rules adopted under the bylaws, as the bylaws or rules are amended from time to time, and with the covenants, conditions and restrictions set forth in the declaration or in the deed to the unit. Failure to comply with any of the bylaws, rules, covenants, conditions or restrictions is grounds for action to recover sums due, for damages or injunctive relief or both maintainable by the association or, in a proper case, by an aggrieved unit owner.

(2) **REQUIRED PARTICULARS.** The bylaws shall express at least the following particulars:

(a) The form of administration, indicating whether the association shall be incorporated or unincorporated, and whether, and to what extent, the duties of the association may be delegated to a board of directors, manager or otherwise, and specifying the powers, manner of selection and removal of them.

(b) The mailing address of the association.

(c) The method of calling the unit owners to assemble; the attendance necessary to constitute a quorum at any meeting of the association; the manner of notifying the unit owners of any proposed meeting; who presides at the meetings of the association, who keeps the minute book for recording the resolutions of the association and who counts votes at meetings of the association.

(d) The election by the unit owners of a board of directors of whom not more than one is a nonunit owner, the number of persons constituting the same and that the terms of at least one-third of the directors shall expire annually, the powers and duties of the board, the compensation, if any, of the directors, the method of removal from office of directors and whether or not the board may engage the services of a manager or managing agent.

(e) The manner of assessing against and collecting from unit owners their respective shares of the common expenses.

(f) The manner of borrowing money and acquiring and conveying property.

(2m) **LIMITATION ON ENFORCEMENT OF CERTAIN PROVISIONS.** No bylaw or rule adopted under a bylaw and no covenant, condition or restriction set forth in a declaration or deed to a unit may be applied to discriminate against an individual in a manner described in s. 106.50.

(3) **PERMISSIBLE ADDITIONAL PROVISIONS.** The bylaws also may contain any other provision regarding the management and operation of the condominium, including any restriction on or requirement respecting the use and maintenance of the units and the common elements.

(4) **PROHIBITING VOTING BY CERTAIN UNIT OWNERS.** The bylaws may contain a provision prohibiting any unit owner from voting 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.

(5) **AMENDMENT.** The bylaws may be amended by the affirmative vote of unit owners having 67% or more of the votes. Each particular set forth in sub. (2) shall be expressed in the bylaws as amended.

(6) **TITLE TO CONDOMINIUM UNITS UNAFFECTED BY BYLAWS.** Title to a condominium unit is not rendered unmarketable or otherwise affected by any provision of the bylaws or by reason of any failure of the bylaws to comply with the provisions of this chapter.

History: 1977 c. 407; 1987 a. 262; 1991 a. 295; 1995 a. 27; 1999 a. 82.
Because sub. (6) prohibits condominium bylaws from affecting the transfer of title to a condominium unit, a bylaw prohibiting the sale of any condominium unit to an owner who would not reside in the condominium unit could not be applied to prevent the confirmation of a foreclosure sale to the high bidder who admitted he would not occupy the premises. *Bankers Trust Company of California, N.A. v. Bregant*, 2003 WI App 86, 261 Wis. 2d 855, 661 N.W.2d 498.

703.105 Display of the United States flag. (1) No bylaw or rule may be adopted or provision included in a declaration or deed that prohibits a unit owner from respectfully displaying the United States flag.

(2) Notwithstanding sub. (1), bylaws or rules may be adopted that regulate the size and location of flags and flagpoles.

History: 2003 a. 161.

703.11 Condominium plat. (1) **TO BE FILED FOR RECORD.** When any condominium instruments are recorded, the declarant shall file for record a condominium plat in a separate plat book maintained for condominium plats.

(2) **REQUIRED PARTICULARS.** A condominium plat may consist of one or more sheets and shall contain at least the following particulars:

(a) The name of the condominium and county in which the property is located on each sheet of the plat. The name of the condominium must be unique in the county in which the condominium is located. If there is more than one sheet, each sheet shall be consecutively numbered and show the relation of that sheet number to the total number of sheets.

(am) A blank space at least 2.5 inches by 2.5 inches in size on the first sheet for recording use by the register of deeds.

(b) A survey of the property described in the declaration complying with minimum standards for property surveys adopted by the examining board of architects, landscape architects, professional engineers, designers and land surveyors and showing the location of any unit or building located or to be located on the property.

(c) Plans that show the location of each building located or to be located on the property and, if there are units in a building, that show the perimeters, approximate dimensions, approximate square footage, and location of each unit in the building. Common elements shall be shown graphically to the extent feasible.

NOTE: Par. (c) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(c) Diagrammatic floor plans of each building located or to be located on the property which show the approximate dimensions, floor area and location of each unit in it. Common elements shall be shown graphically to the extent feasible.

(d) All survey maps and floor plans submitted for filing shall be legibly prepared with a binding margin of 1.5 inches on the left side and a one-inch margin on all other sides on durable white paper 14 inches in length and 22 inches in width with nonfading black image or reproduced with photographic silver haloid image on double matt polyester film of not less than 4 millimeter thickness and 14 inches long by 22 inches wide. The maps and plans shall be drawn to a convenient scale.

(3) **DESIGNATION OF UNITS.** Every unit shall be designated on the condominium plat by the unit number. Unit numbers may not contain more than 8 numerals and must be unique throughout the condominium.

(4) **SURVEYOR'S CERTIFICATE.** A condominium plat is sufficient for the purposes of this chapter if there is attached to or included in it a certificate of a licensed land surveyor authorized to practice that profession in this state that the plat is a correct representation of the condominium described and the identification and location of each unit and the common elements can be determined from the plat.

(5) **AMENDMENT.** Except as provided in s. 703.265, amendment of a condominium plat by an addendum that is not included as part of an amendment to the declaration shall be accomplished in the same manner as an amendment to the declaration under s. 703.09 (2).

NOTE: Sub. (5) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 1983 a. 497; 1993 a. 463, 465, 491; 1997 a. 300, 333; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

Cross Reference: See also ch. Trans 233, Wis. adm. code.

703.115 Local review of condominium instruments.

(1) A county may adopt an ordinance to require the review of condominium instruments before recording by persons employed by the county of recording or by a city, village or town that is located in whole or in part in the county of recording if the ordinance does all of the following:

(a) Requires the review to be completed within 10 working days after submission of the condominium instrument and provides that, if the review is not completed within this period, the condominium instrument is approved for recording.

(b) Provides that a condominium instrument may be rejected only if it fails to comply with the applicable requirements of ss. 703.095, 703.11 (2) (a), (c) and (d) and (3), 703.275 (5) and 703.28

(1m) or if the surveyor's certificate under s. 703.11 (4) is not attached to or included in the condominium plat.

(c) If the person performing the review approves the condominium instrument, requires the person to certify approval in writing, accompanied by his or her signature and title.

(2) An ordinance adopted under this section may authorize the county to charge a fee that reflects the actual cost of performing the review.

History: 1997 a. 333.

703.12 Description of units. A description in any deed or other instrument affecting title to any unit which makes reference to the letter or number or other appropriate designation on the condominium plat together with a reference to the condominium instruments shall be a good and sufficient description for all purposes.

History: 1977 c. 407.

The requirements of ch. 236 may not be used to legally describe condominium units. 75 Atty. Gen. 94.

703.13 Percentage interests. (1) **UNDIVIDED PERCENTAGE INTEREST IN COMMON ELEMENTS.** Every unit owner owns an undivided percentage interest in the common elements equal to that set forth in the declaration. Except as specifically provided in this chapter, all common elements shall remain undivided. Except as provided in this chapter, no unit owner, nor any other person, may bring a suit for partition of the common elements and any covenant or provision in any declaration, bylaws or other instrument to the contrary is void.

(2) **RIGHTS TO COMMON SURPLUSES.** Common surpluses shall be disbursed as provided under s. 703.16 (1).

(3) **LIABILITY FOR COMMON EXPENSES.** Except for the specially assessed common expenses, the amount of all common expenses shall be assessed as provided under s. 703.16 (2).

(4) **CHANGE IN PERCENTAGE INTEREST.** The percentage interests shall have a permanent character and, except as specifically provided by this chapter, may not be changed without the written consent of all of the unit owners and their mortgagees. Any change shall be evidenced by an amendment to the declaration and recorded among the appropriate land records. The percentage interests may not be separated from the unit to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any manner affecting a unit also shall affect, in like manner, the percentage interests appurtenant to the unit.

(5) **ALTERATIONS WITHIN UNITS.** (a) A unit owner may make any improvements or alterations within his or her unit that do not impair the structural integrity or lessen the support of any portion of the condominium and that do not create a nuisance substantially affecting the use and enjoyment of other units or the common elements. A unit owner may not change the exterior appearance of a unit or of any other portion of the condominium without permission of the board of directors of the association.

NOTE: Par. (a) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(a) A unit owner may make any improvements or alterations within his or her unit that do not impair the structural integrity or lessen the support of any portion of the condominium. A unit owner may not change the exterior appearance of a unit or of any other portion of the condominium without permission of the board of directors of the association.

(b) Except to the extent prohibited by the condominium instruments, and subject to any restrictions and limitation specified therein, a unit owner acquiring an adjoining or adjoining part of an adjoining unit, may remove all or any part of any intervening partition or create doorways or other apertures therein, even if the partition may in whole or in part be a common element, if those acts do not impair the structural integrity or lessen the support of any portion of the condominium. The creation of doorways or other apertures is not deemed an alteration of boundaries.

(5m) **IMPROVEMENTS TO LIMITED COMMON ELEMENTS.** (a) If permitted by the condominium instruments and subject to par. (b) and to any restrictions or limitations specified in the condominium instruments, a unit owner may improve, including the enclosure

703.13 CONDOMINIUMS

of, the limited common elements appurtenant exclusively to that owner's unit if all of the following conditions are met:

1. A statement describing the improvement, including a description of the project, the materials to be used, and the project's proposed impact on the appearance of the condominium, and identifying the project contractor is submitted to the board of directors of the association.

2. The improvement will not interfere with the use and enjoyment of the units of other unit owners or the common elements or limited common elements of the condominium.

3. The improvement will not impair the structural integrity of the condominium.

4. Any change to the exterior appearance of the condominium is approved by the board of directors of the association.

(b) All costs and expenses of an improvement under this subsection and any increased costs of maintenance and repair of the limited common elements resulting from the improvement are the obligation of the unit owner. The unit owner shall protect the association and other unit owners from liens on property of the association or of other unit owners that otherwise might result from the improvement.

NOTE: Sub. (5m) is created eff. 11-1-04 by 2003 Wis. Act 283.

(6) RELOCATION OF BOUNDARIES. (a) If any condominium instruments expressly permit a relocation of boundaries between adjoining units, those boundaries may be relocated in accordance with this section and any restrictions and limitations which the condominium instruments may specify.

(b) If any unit owners of adjoining units whose mutual boundaries may be relocated desire to relocate those boundaries, the principal officer of the unit owners association, upon written application from those unit owners and after 30 days' written notice to all other unit owners, shall prepare and execute appropriate instruments.

(c) An amendment to a declaration shall identify the units involved and shall state that the boundaries between those units are being relocated by agreement of the unit owners thereof. The amendment shall contain words of conveyance between those unit owners, and when recorded shall also be indexed in the name of the grantor and grantee. If the adjoining unit owners have specified in their written application the reallocation between their units of the aggregate undivided interest in the common elements appertaining to those units, the amendment to the declaration shall reflect that reallocation. An amendment to a declaration under this paragraph shall be adopted, at the option of the adjoining unit owners, either under s. 703.09 (2) or by the written consent of the owners of the adjoining units involved and the mortgagees of the adjoining units.

NOTE: Par. (c) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(c) An amendment to a declaration shall identify the units involved and shall state that the boundaries between those units are being relocated by agreement of the unit owners thereof. The amendment shall contain words of conveyance between those unit owners, and when recorded shall also be indexed in the name of the grantor and grantee. If the adjoining unit owners have specified in their written application the reallocation between their units of the aggregate undivided interest in the common elements appertaining to those units, the amendment to the declaration shall reflect that reallocation.

(d) If the adjoining unit owners have specified in their written application a reasonable reallocation, as determined by the board of directors, of the number of votes in the association or liabilities for future common expenses not specially assessed, appertaining to their units, an amendment to the condominium instruments shall reflect those reallocations. An amendment to a declaration under this paragraph shall be adopted in the manner specified in par. (c).

NOTE: Par. (d) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(d) If the adjoining unit owners have specified in their written application a reasonable reallocation, as determined by the board of directors, of the number of votes in the association or liabilities for future common expenses not specially assessed, appertaining to their units, an amendment to the condominium instruments shall reflect those reallocations.

(e) Plats and plans showing the altered boundaries and the dimensions thereof between adjoining units, and their identifying numbers or letters, shall be prepared. The plats and plans shall be certified as to their accuracy in compliance with this subsection by a civil engineer, architect or licensed land surveyor authorized to practice his or her profession in the state.

(f) After appropriate instruments have been prepared and executed, they shall be delivered promptly to the adjoining unit owners upon payment by them of all reasonable charges for the preparation thereof. Those instruments are effective when the adjoining unit owners have executed them and they are recorded in the name of the grantor and grantee. The recordation thereof is conclusive evidence that the relocation of boundaries did not violate the condominium instruments.

(7) SEPARATION OF UNITS. (a) If any condominium instruments expressly permit the separation of a unit into 2 or more units, a separation shall be made in accordance with this section and any restrictions and limitations which the condominium instruments may specify.

(b) The principal officer of the association, upon written application of a person proposing the separation of a unit (separator) and after 30 days' written notice to all other unit owners shall promptly prepare and execute appropriate instruments under this subsection. An amendment to the condominium instruments shall assign a new identifying number to each new unit created by the separation of a unit, shall allocate to those units, on a reasonable basis acceptable to the separator and the executive board all of the undivided interest in the common element and rights to use the limited common elements and the votes in the association formerly appertaining to the separated unit. The amendment shall reflect a proportionate allocation to the new units of the liability for common expenses and rights to common surpluses formerly appertaining to the subdivided unit.

(c) Plats and plans showing the boundaries and dimensions separating the new units together with their other boundaries and their new identifying numbers or letters shall be prepared. The plats and plans shall be certified as to their accuracy and compliance with this subsection by a civil engineer, architect or licensed land surveyor authorized to practice his or her profession in the state.

(d) After appropriate instruments have been prepared and executed, they shall be delivered promptly to the separator upon payment by him or her of all reasonable cost for their preparation. Those instruments are effective when the separator has executed them and they are recorded. The recording of the instruments is conclusive evidence that the separation did not violate any restrictions or limitation specified by the condominium instruments and that any reallocations made under this subsection were reasonable.

(8) MERGER OF UNITS. (a) If any condominium instruments expressly permit the merger of 2 or more adjoining units into one unit, a merger shall be made in accordance with this subsection and any restrictions and limitations specified in the condominium instruments.

(b) If the unit owners of adjoining units that may be merged desire to merge the units, the unit owners, after 30 days' written notice to all other unit owners, shall prepare and execute appropriate instruments under this subsection. An amendment to the condominium instruments shall assign a new identifying number to the new unit created by the merger of the units and shall allocate to the new unit all of the undivided interest in the common elements and rights to use the limited common elements and the votes in the association formerly appertaining to the separate units. The amendment shall reflect an allocation to the new unit of the liability for common expenses and rights to common surpluses formerly appertaining to the separate units. An amendment to a declaration under this paragraph shall be adopted either under s. 703.09 (2) or by the written consent of the owners of the units to

be merged, the mortgagees of those units, if any, and the board of directors of the association.

(c) Plats and plans showing the boundaries and dimensions of the new unit together with the new identifying number or letter shall be prepared. The plats and plans shall be certified as to their accuracy and compliance with this subsection by a civil engineer, architect, or licensed land surveyor authorized to practice in this state.

(d) After appropriate instruments have been prepared and executed, they shall be delivered promptly to the owner or owners of the merged unit upon payment by the owner or owners of all reasonable costs for their preparation. Those instruments are effective when executed by the owner or owners of the merged unit and recorded in the office of the register of deeds of the county where the property is located. The recording of the instruments is conclusive evidence that the merger did not violate any restriction or limitation specified by the condominium instruments and that any reallocations made under this subsection were reasonable.

NOTE: Sub. (8) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 1985 a. 332; 1987 a. 403; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

An amendment of a condominium declaration that changed a common area to a limited common area but did not change the owners' percentage interests in the common areas did not require unanimous approval of all owners and was valid. Any reduction in value due to the change from common area was recoverable under s. 703.09 (3) (a) by the owners whose condominium value decreased due to the change. *Newport Condominium Association v. Concord-Wisconsin*, 205 Wis. 2d 570, 556 N.W.2d 775 (Ct. App. 1996).

703.14 Use of common elements. (1) The common elements may be used only for the purposes for which they were intended and, except as provided in the condominium instruments or bylaws, the common elements are subject to mutual rights of support, access, use and enjoyment by all unit owners. However, any portion of the common elements designated as limited common elements may be used only by the unit owner of the unit to which their use is limited in the condominium instruments and bylaws.

(2) The declaration or bylaws may allow any unit owner of a unit to which the use of any limited common element is restricted to grant by deed, subject to the rights of any existing mortgagee, the use of the limited common element to any other unit owner. Thereafter, the grantor has no further right to use the limited common element.

History: 1977 c. 407.

703.15 Association of unit owners. (1) **LEGAL ENTITY.** The affairs of every condominium shall be governed by an association that, even if unincorporated, is constituted a legal entity for all purposes. Except for matters reserved to the association members or unit owners by this chapter, the declaration, or the bylaws, all policy and operational decisions of the association, including interpretation of the condominium instruments, bylaws, rules, and other documents relating to the condominium or the association, shall be made by its board of directors. This subsection does not affect the deference accorded to, or the standard of review of, an action of the board of directors by a court.

NOTE: Sub. (1) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(1) **LEGAL ENTITY.** The affairs of every condominium shall be governed by an association which, even if unincorporated, is constituted a legal entity for all purposes.

(2) **ORGANIZATION OF ASSOCIATION.** (a) *Establishment.* Every declarant shall establish an association to govern the condominium not later than the date of the first conveyance of a unit to a purchaser. The association shall be organized as a profit or nonprofit corporation or as an unincorporated association. After it is organized, the membership of the association shall at all times consist exclusively of all of the unit owners.

(b) *Power and responsibility prior to establishment.* Until an association is established, a declarant has the power and responsibility to act in all instances where this chapter, any other provision

of the law, or the declaration require action by the association or its officers.

(c) *Declarant control.* 1. Except as provided in par. (d), a declarant may authorize the declarant or persons designated by him or her to appoint and remove the officers of the association or to exercise the powers and responsibilities otherwise assigned by the declaration or this chapter to the association or its officers. A declaration may not authorize any declarant control of the association for a period exceeding the earlier of any of the following:

a. Ten years in the case of an expandable condominium.

b. Three years in the case of any other condominium.

c. Thirty days after the conveyance of 75% of the common element interest to purchasers.

2. The period of declarant control begins on the date that the first condominium unit is conveyed by a declarant to any person other than the declarant. If there is any other unit owner other than a declarant, a declaration may not be amended to increase the scope or the period of the declarant control.

(d) *Meeting to elect directors.* Prior to the conveyance of 25% of the common element interest to purchasers, an association shall hold a meeting and the unit owners other than the declarant shall elect at least 25% of the directors of the executive board. Prior to the conveyance of 50% of the common element interest to purchasers, an association shall hold a meeting and the unit owners other than the declarant shall elect at least 33 1/3% of the directors of the executive board.

(e) *Calculation of percentage.* The calculation of the percentage of common element interest conveyed to purchasers under pars. (c) and (d) shall be based on the percentage of undivided interest appertaining to each unit which has been conveyed assuming that all the units to be completed are included in the condominium.

(f) *Elections after expiration of declarant control.* Not later than 45 days after the expiration of any period of declarant control, an association shall hold a meeting and the unit owners shall elect an executive board of at least 3 directors and officers of the association. The directors and officers shall take office upon election.

(3) **POWERS OF THE ASSOCIATION.** (a) *Powers.* An association has the power to:

1. Adopt budgets for revenues, expenditures and reserves and levy and collect assessments for common expenses from unit owners;

2. Employ and dismiss employees and agents;

3. Sue on behalf of all unit owners; and

4. Exercise any other power conferred by the condominium instruments or bylaws.

(b) *Conditional powers.* Subject to any restrictions and limitations specified by the declaration, an association may:

1. Make contracts and incur liabilities, including borrowing funds in the name of the association in the manner specified in the bylaws under s. 703.10 (2) (f).

NOTE: Subd. 1. is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

1. Make contracts and incur liabilities.

2. Regulate and impose charges for the use of common elements.

3. Cause additional improvements to be made as a part of the common elements.

4. Acquire, hold, encumber and convey any right, title or interest in or to real property.

5. Grant easements through or over the common elements.

6. Receive any income derived from payments, fees or charges for the use, rental or operation of the common elements.

7. Grant or withhold approval of any action by a unit owner or other person which would change the exterior appearance of the unit or of any other portion of the condominium.

8. Purchase goods and services jointly with other condominium associations or other persons.

703.15 CONDOMINIUMS

NOTE: Subd. 8. is created eff. 11-1-04 by 2003 Wis. Act 283.

(4) ROSTER OF UNIT OWNERS; MEETINGS OF ASSOCIATION. (a) An association shall maintain a current roster of names and addresses of every unit owner to which notice of meetings of the association shall be sent.

(b) Every unit owner shall furnish the association with his or her name and current mailing address. No unit owner may vote at meetings of the association until this information is furnished.

(c) No regular or special meeting of the association may be held except on at least 10 days' written notice delivered or mailed to every unit owner at the address shown on the roster or unless waivers are duly executed by all unit owners.

(d) 1. At meetings of the association every unit owner is entitled to cast the number of votes appurtenant to his or her unit, as established in the declaration under s. 703.09 (1) (f). Unit owners may vote by proxy, but, the proxy is effective only for a maximum period of 180 days following its issuance, unless granted to a mortgagee or lessee. If only one of multiple owners of a unit is present at a meeting of the association, the owner is entitled to cast the votes allocated to that unit.

NOTE: Subd. 1. is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

1. At meetings of the association every unit owner is entitled to cast the number of votes appurtenant to his or her unit. Unit owners may vote by proxy, but, the proxy is effective only for a maximum period of 180 days following its issuance, unless granted to a mortgagee or lessee. If only one of multiple owners of a unit is present at a meeting of the association, the owner is entitled to cast the votes allocated to that unit.

2. If more than one of the multiple owners is present, the votes allocated to that unit may be cast proportionally among the owners unless the condominium instruments expressly provide otherwise, but unanimous agreement is conclusively presumed if any one of them purports to cast the votes allocated to that unit without protest being made promptly by any of the others to the person presiding over the meeting or until any one of the multiple owners files a statement with the secretary of the association stating that thereafter the vote must be cast proportionally.

(e) Unless otherwise provided in this chapter, and subject to provisions in the bylaws requiring a different majority, decisions of an association shall be made on a majority of votes of the unit owners present and voting.

(5) UNIT OWNER'S INTEREST IN ASSOCIATION'S PROPERTY. No unit owner may have any right, title or interest in any property owned by the association other than as holder of a percentage interest in common elements appurtenant to its unit.

History: 1977 c. 407; 1979 c. 110 s. 60 (12); 1995 a. 225; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

Advising Developers in Operating Community Associations. Pardon. Wis. Law. March 2004.

703.155 Master associations. (1) DEFINITION. In this section, "master association" means a profit or nonprofit corporation or unincorporated association which exercises the powers under s. 703.15 (3) on behalf of one or more condominiums or for the benefit of the unit owners of one or more condominiums.

(2) DELEGATION. If a declaration provides that any of the powers described in s. 703.15 (3) are to be exercised by or may be delegated to a master association, all provisions of this chapter applicable to an association apply to the master association, except as modified by this section or the declaration.

(3) POWERS LIMITED. Unless a master association is the only association for a condominium under s. 703.15 (1), it may exercise the powers set forth in s. 703.15 (3) only to the extent expressly permitted in the declarations that are associated with the master association or expressly described in the delegations of power from those condominiums to the master association.

(4) LIABILITY LIMITED. If a declaration provides that the executive board may delegate certain powers to a master association, the members of the executive board have no liability for the acts or omissions of the master association with respect to the exercise of those powers following delegation.

(5) UNIT OWNERS; RIGHTS AND RESPONSIBILITIES. The rights and responsibilities of unit owners with respect to the association set forth in s. 703.15 apply, in the conduct of the affairs of a master association, only to those persons under sub. (6) who elect the executive board of a master association, whether or not those persons are unit owners.

(6) MASTER ASSOCIATION; ELECTION OF EXECUTIVE BOARD. Notwithstanding s. 703.15 (2) (f) and whether or not a master association is also an association described in s. 703.15 (1), the instrument creating the master association and the declaration of each condominium the powers of which are assigned by the declaration or delegated to the master association shall provide that the executive board of the master association shall be elected after the period of declarant control in any of the following ways:

(a) All unit owners of all condominiums subject to the master association may elect all members of the executive board.

(b) All members of the executive boards of all condominiums subject to the master association may elect all members of the executive board.

(c) All unit owners of each condominium subject to the master association may elect specified members of the executive board.

(d) All members of the executive board of each condominium subject to the master association may elect specified members of the executive board.

(7) REPRESENTATION OF CONDOMINIUM OR NONCONDOMINIUM PROPERTY. A master association may represent condominium or noncondominium property on behalf of one or more condominiums and property under a different form of ownership or for the benefit of the unit owners of one or more condominiums and the owners of other property.

NOTE: Sub. (7) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1985 a. 188; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.16 Common expenses and common surpluses.

(1) DISPOSITION OF COMMON SURPLUSES. All common surpluses of the association shall be credited to the unit owners' assessments for common expenses in proportion to their percentage interests in the common elements or as otherwise provided in the declaration or shall be used for any other purpose as the association decides.

(2) (a) FUNDS FOR PAYMENT OF COMMON EXPENSES OBTAINED BY ASSESSMENTS. Funds for the payment of common expenses and for the creation of reserves for the payment of future common expenses shall be obtained by assessments against the unit owners in proportion to their percentage interests in the common elements or as otherwise provided in the declaration.

NOTE: Par. (a) is shown as renumbered from sub. (2) eff. 11-1-04 by 2003 Wis. Act 283.

(b) During the period of declarant control of the association under s. 703.15 (2) (c), if any unit owned by the declarant is exempt from assessments for common expenses until the unit is sold, the total amount assessed against units that are not exempt from assessments may not exceed the amount that equals nonexempt units' budgeted share of common expenses, based on the anticipated common expenses set forth in the annual budget under s. 703.161 (2) (a). The declarant is liable for the balance of the actual common expenses.

NOTE: Par. (b) is created eff. 11-1-04 by 2003 Wis. Act 283.

(3) LIABILITY FOR ASSESSMENTS. A unit owner shall be liable for all assessments, or installments thereof, coming due while owning a unit. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his or her share of the common expenses up to the time of the voluntary grant for which a statement of condominium lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

NOTE: Sub. (3) is renumbered from 703.165 (2) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(4) ASSESSMENTS CONSTITUTE LIEN. All assessments, until paid, together with interest on them and actual costs of collection, constitute a lien on the units on which they are assessed, if a statement of lien is filed within 2 years after the date the assessment becomes due. The lien is effective against a unit at the time the assessment became due regardless of when within the 2-year period it is filed. A statement of condominium lien is filed in the land records of the clerk of circuit court of the county where the unit is located, stating the description of the unit, the name of the record owner, the amount due and the period for which the assessment was due. The clerk of circuit court shall index the statement of condominium lien under the name of the record owner in the judgment and lien docket. The statement of condominium lien shall be signed and verified by an officer or agent of the association as specified in the bylaws and then may be filed. On full payment of the assessment for which the lien is claimed, the unit owner shall be entitled to a satisfaction of the lien that may be filed with the clerk of circuit court.

NOTE: Sub. (4) is renumbered from 703.165 (3) eff. 11-1-04 by 2003 Wis. Act 283.

(5) STATEMENT. Any grantee of a unit is entitled to a statement from the association or the executive board, setting forth the amount of unpaid assessments against the grantor and the grantee is not liable for, nor shall the unit conveyed be subject to a lien which is not filed under sub. (4) for, any unpaid assessment against the grantor in excess of the amount set forth in the statement. If an association or a board of directors does not provide such a statement within 10 business days after the grantee's request, they are barred from claiming under any lien which is not filed under sub. (4) prior to the request for the statement against the grantee.

NOTE: Sub. (5) is renumbered from 703.165 (4) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(6) PRIORITY OF LIEN. All sums assessed by an association but unpaid for the share of the common expenses chargeable to any unit constitutes a lien on the unit and on the undivided interest in the common elements appurtenant thereto prior to all other liens except:

NOTE: Sub. (6) (intro.) is renumbered from 703.165 (5) (intro.) and amended eff. 11-1-04 by 2003 Wis. Act 283.

- (a) Liens of general and special taxes.
- (b) All sums unpaid on a first mortgage recorded prior to the making of the assessment.
- (c) Mechanic's liens filed prior to the making of the assessment.
- (d) All sums unpaid on any mortgage loan made under s. 45.80, 1989 stats.
- (e) A lien under s. 292.31 (8) (i) or 292.81.

NOTE: Pars. (6) (a) through (e) are renumbered from 703.165 (5) (a) through (e) eff. 11-1-04 by 2003 Wis. Act 283.

(7) INTEREST ON UNPAID ASSESSMENT. Any assessment, or installment thereof, not paid when due shall bear interest, at the option of the association, from the date when due until paid at a rate not exceeding the highest rate permitted by law as stated in the bylaws.

NOTE: Sub. (7) is renumbered from 703.165 (6) eff. 11-1-04 by 2003 Wis. Act 283.

(8) ENFORCEMENT OF LIEN. A lien may be enforced and foreclosed by an association or any other person specified in the bylaws, in the same manner, and subject to the same requirements, as a foreclosure of mortgages on real property in this state. An association may recover costs and actual attorney fees. An association may, unless prohibited by the declaration, bid on the unit at foreclosure sale and acquire, hold, lease, mortgage and convey the unit. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same. Suit for any deficiency following foreclosure may be maintained in the same proceeding. No action may be brought to foreclose the lien unless brought within 3 years following the recording of the statement of condominium lien. No

action may be brought to foreclose the lien except after 10 days' prior written notice to the unit owner given by registered mail, return receipt requested, to the address of the unit owner shown on the books of the association.

NOTE: Sub. (8) is renumbered from 703.165 (7) eff. 11-1-04 by 2003 Wis. Act 283.

(9) FORM OF STATEMENT OF CONDOMINIUM LIEN. A statement of condominium lien is sufficient for the purposes of this chapter if it contains the following information and is substantially in the following form:

Statement of Condominium Lien

This is to certify that owner(s) of unit No. in Condominium (is) (are) indebted to the association in the amount of \$..... as of (year) for (his) (her) (its) (their) proportionate share of common expenses of the Condominium for the period from (date) to (date), plus interest thereon at the rate of%, costs of collection, and actual attorney fees.

Association

By:

Officer's title (or agent)

Address

Phone number

I hereby affirm under penalties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information, and belief.

.....
Officer (or agent)

NOTE: Sub. (9) is renumbered from 703.165 (8) and amended eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 1991 a. 39; 1993 a. 453; 1995 a. 224, 227; 1997 a. 27, 250; 1999 a. 185; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

A condominium land contract recorded before the making of an assessment lien has priority as a first mortgage under sub. (6) (b). *Towne Realty, Inc. v. Edwards*, 156 Wis. 2d 344, 456 N.W.2d 651 (Ct. App. 1990).

The definition of "unit" under s. 703.01 (15) encompasses a property on which there is no constructed unit. *Aluminium Industries v. Camelot Trails*, 194 Wis. 2d 575, 535 N.W.2d 74 (Ct. App. 1995).

In a foreclosure action under sub. (8) based on a failure to pay condominium fees, s. 846.10 (1) could not be applied sensibly to require a statement of installments to become due because monthly assessments were in varying amounts. The 12-month redemption period under s. 846.10 (2) is applicable to such foreclosures. *Geneva National Community Association, Inc. v. Friedman*, 228 Wis. 2d 572, 598 N.W.2d 600 (Ct. App. 1999).

703.161 Annual budget. (1) APPLICATION. This section applies to any condominium that includes at least one unit that is restricted to residential use.

(2) REQUIREMENT. An association annually shall adopt and distribute to all unit owners an annual budget setting forth all of the following:

- (a) All anticipated common expenses and any amounts to be allocated to a statutory reserve account under s. 703.163 and to any other funds for future expenditures.
- (b) The amount and purpose of any other anticipated association expenditure.
- (c) The amount in any statutory reserve account under s. 703.163 or any other funds held for future expenditures.
- (d) Any common surpluses.
- (e) The amount and source of any income, other than unit owner assessments.
- (f) The aggregate amount of any assessment to be levied against unit owners and the purpose of the assessment.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.163 Statutory reserve account. (1) DEFINITIONS. In this section:

- (a) "Reserve funds" means funds derived from assessments against unit owners that are deposited in a statutory reserve

account. The term does not include funds for ordinary operations, including amounts held for operational contingencies.

(b) "Statutory reserve account" means a separate account established under this section to hold reserve funds.

(c) "Statutory reserve account statement" means a statement indicating whether a statutory reserve account has been established for a condominium and, if there is no statutory reserve account, how it is anticipated that future expenditures for the repair and replacement of common elements will be funded.

(2) APPLICATION; OTHER RESERVE ACCOUNTS NOT AFFECTED. (a)

1. Except as provided in subs. 2. and 3., this section applies to condominiums consisting exclusively of units that are restricted to residential uses.

2. This section does not apply to a small condominium unless the declarant or the association, with the written consent of a majority of the unit votes, elects to be governed by this section.

3. This section applies to a condominium consisting of both residential and nonresidential units if the declarant or the association, with the written consent of a majority of the unit votes of the residential units and a majority of the unit votes of the nonresidential units, elects to be governed by this section.

(b) This section does not affect a reserve account or a similar account existing on November 1, 2004, or a reserve account or similar account established on or after November 1, 2004, that is not a statutory reserve account.

(3) NEW CONDOMINIUMS; ESTABLISHMENT OF STATUTORY RESERVE ACCOUNT BY DECLARANT. (a) Except as provided in par. (c), the declarant of a condominium that is created on or after November 1, 2004, shall establish a statutory reserve account when the condominium is created and shall execute a statutory reserve account statement. The declarant shall determine the annual amount to be assessed unit owners for reserve funds after considering the factors under sub. (7) (a) to (e) and, if the condominium is a conversion condominium with more than 4 units, the report prepared under s. 703.33 (2) (cm) 1.

(b) Reserve fund assessments for the reserve account established under par. (a) may first be assessed on a particular unit when a certificate of occupancy has been issued that applies to that unit. The declarant may elect to defer payment of the accrued assessments for a particular unit until the first conveyance of that unit. The declarant may not defer payment of accrued reserve fund assessments for more than 5 years from the date the exterior construction of the building in which the unit is located is completed. The declarant is liable for all reserve fund assessments on a unit that accrue before the unit is conveyed. If there are accrued reserve fund assessments against a unit, the declarant shall disclose in writing to the first purchaser of the unit whether the declarant has included any accrued reserve fund assessments in the purchase price of the unit or, if not included, how any accrued assessment will be paid.

(c) The declarant may elect not to establish a statutory reserve account under par. (a) at the time the condominium is created or, at any time thereafter, may elect to terminate a statutory reserve account during the period of declarant control under s. 703.15 (2) (c). An election under this paragraph shall be made by executing a statutory reserve account statement.

(4) NEW CONDOMINIUM; DETERMINATION BY ASSOCIATION TO ESTABLISH STATUTORY RESERVE ACCOUNT. If a declarant has elected under sub. (3) (c) not to establish a statutory reserve account or to terminate an account, establishment of a statutory reserve account shall be addressed at the first annual meeting of the association held after, or at a special meeting of the association held within one year after, the expiration of any period of declarant control under s. 703.15 (2) (c). A statutory reserve account is established under this subsection with the written consent of a majority of the unit votes. If a statutory reserve account is established under this subsection, the association shall execute a statutory reserve account statement.

(5) EXISTING CONDOMINIUMS; STATUTORY RESERVE ACCOUNT UNLESS ELECT OTHERWISE. The association for a condominium created before November 1, 2004, shall, within 18 months after November 1, 2004, or within 18 months after the expiration of any period of declarant control under s. 703.15 (2) (c), whichever is later, establish a statutory reserve account unless the association, with the written consent of a majority of the unit votes, elects not to establish a statutory reserve account. Upon the establishment of or the election not to establish a statutory reserve account, the association shall execute a statutory reserve account statement.

(6) ELECTION BY ASSOCIATION TO ESTABLISH OR TERMINATE STATUTORY RESERVE ACCOUNT. (a) If an association elects not to establish a statutory reserve account under sub. (4) or (5), or if an association elects to terminate a statutory reserve account under par. (b), the association may at any time thereafter elect to establish a statutory reserve account with the written consent of a majority of the unit votes.

(b) An association may, at any time with the written consent of a majority of the unit votes, terminate a statutory reserve account established under par. (a) or sub. (3) (a), (4), or (5) except that a statutory reserve account established by a declarant under sub. (3) (a) may not be terminated until after the expiration of any period of declarant control under s. 703.15 (2) (c).

(c) Upon the establishment or termination of a statutory reserve account, the association shall execute a statutory reserve account statement.

(7) RESERVE FUND. If there is a statutory reserve account for the condominium, the annual budget adopted under s. 703.161 shall provide for reserve funds. Reserve funds may be used as provided in sub. (8). The association shall determine the amount to be assessed unit owners for reserve funds after considering all of the following:

(a) The reserve funds currently in the statutory reserve account.

(b) The estimated cost of repairing or replacing common elements, other than routine maintenance.

(c) The estimated remaining useful life of common elements.

(d) The approximate proportion of the estimated cost of repairing or replacing common elements that will be covered by the statutory reserve account and the approximate proportion that will be funded by other means.

(e) Any other factor that the association considers relevant.

(8) USE OF STATUTORY RESERVE ACCOUNT. (a) Except as provided in par. (b), funds in a statutory reserve account may be used for the repair and replacement of common elements, other than routine maintenance.

(b) Funds in a statutory reserve account may be used for normal repair or maintenance, customary services, or other operational costs in excess of amounts budgeted and any contingency funds available for these purposes, with the written consent of at least two-thirds of the unit votes. Funds from the statutory reserve account used under this paragraph must be replaced within 3 years from the date of withdrawal.

(9) PERMITTED INVESTMENT OF RESERVE FUNDS. Reserve funds may be invested in any of the investments listed under s. 66.0603 (1m) (a).

(10) LIABILITY IMMUNITY. No declarant, unit owner, association, or director, officer, manager, or employee of an association is liable in connection with the establishment or termination of, or decision not to establish or terminate, a statutory reserve account or for any deficiencies in the statutory reserve account that relate to the determination of amounts to be assessed for reserve funds. This subsection is in addition to any other liability protection available under law.

(11) RECORDING OF STATUTORY RESERVE ACCOUNT STATEMENT. Each statutory reserve account statement executed under this section shall bear the name of the condominium as it appears on the declaration, shall be prepared in the standard format for recorded

documents under s. 59.43 (2m), and shall be recorded with the register of deeds of the county where the condominium instruments are recorded.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.165 Lien for unpaid common expenses, unpaid damages, and unpaid penalties. (1) **DEFINITION.** In this section, "assessments" means regular and special assessments for common expenses and charges, fines, or assessments against specific units or unit owners for damages to the condominium or for penalties for violations of the declaration, bylaws, or association rules.

NOTE: Section 703.165 (title) and (1) are created eff. 11-1-04 by 2003 Wis. Act 283.

(2) **LIABILITY FOR ASSESSMENTS.** A unit owner shall be liable for all assessments, or installments thereof, coming due while owning a unit, including any assessments coming due during the pendency of any claim by the unit owner against the association or during any period in which the unit is not occupied by the unit owner or is leased or rented to any other person. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his or her share of the common expenses up to the time of the voluntary grant for which a statement of condominium lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

NOTE: Sub. (2) is shown as renumbered from 703.16 (3) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(3) **ASSESSMENTS CONSTITUTE LIEN.** All assessments, until paid, together with interest on them and actual costs of collection, constitute a lien on the units on which they are assessed, if a statement of lien is filed within 2 years after the date the assessment becomes due. The lien is effective against a unit at the time the assessment became due regardless of when within the 2-year period it is filed. A statement of condominium lien is filed in the land records of the clerk of circuit court of the county where the unit is located, stating the description of the unit, the name of the record owner, the amount due and the period for which the assessment was due. The clerk of circuit court shall index the statement of condominium lien under the name of the record owner in the judgment and lien docket. The statement of condominium lien shall be signed and verified by an officer or agent of the association as specified in the bylaws and then may be filed. On full payment of the assessment for which the lien is claimed, the unit owner shall be entitled to a satisfaction of the lien that may be filed with the clerk of circuit court.

NOTE: Sub. (3) is shown as renumbered from 703.16 (4) eff. 11-1-04 by 2003 Wis. Act 283.

(4) **STATEMENT.** Any grantee of a unit is entitled to a statement from the association or the executive board, setting forth the amount of unpaid assessments against the grantor. The grantee is not liable for, nor shall the unit conveyed be subject to a lien that is not filed under sub. (3) for, any unpaid assessment against the grantor in excess of the amount set forth in the statement. If an association or a board of directors does not provide such a statement within 10 business days after the grantee's request, they are barred from claiming under any lien that is not filed under sub. (3) prior to the request for the statement against the grantee.

NOTE: Sub. (4) is shown as renumbered from 703.16 (5) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(5) **PRIORITY OF LIEN.** A lien under this section is prior to all other liens except:

NOTE: Sub. (5) (Intro.) is shown as renumbered from 703.16 (6) (Intro.) and amended eff. 11-1-04 by 2003 Wis. Act 283.

(a) Liens of general and special taxes.

(b) All sums unpaid on a first mortgage recorded prior to the making of the assessment.

(c) Mechanic's liens filed prior to the making of the assessment.

(d) All sums unpaid on any mortgage loan made under s. 45.80, 1989 stats.

(e) A lien under s. 292.31 (8) (i) or 292.81.

NOTE: Pars. (5) (a) through (e) are shown as renumbered from 703.16 (6) (a) through (e) eff. 11-1-04 by 2003 Wis. Act 283.

(6) **INTEREST ON UNPAID ASSESSMENT.** Any assessment, or installment thereof, not paid when due shall bear interest, at the option of the association, from the date when due until paid at a rate not exceeding the highest rate permitted by law as stated in the bylaws.

NOTE: Sub. (6) is shown as renumbered from 703.16 (7) eff. 11-1-04 by 2003 Wis. Act 283.

(7) **ENFORCEMENT OF LIEN.** A lien may be enforced and foreclosed by an association or any other person specified in the bylaws, in the same manner, and subject to the same requirements, as a foreclosure of mortgages on real property in this state. An association may recover costs and actual attorney fees. An association may, unless prohibited by the declaration, bid on the unit at foreclosure sale and acquire, hold, lease, mortgage and convey the unit. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same. Suit for any deficiency following foreclosure may be maintained in the same proceeding. No action may be brought to foreclose the lien unless brought within 3 years following the recording of the statement of condominium lien. No action may be brought to foreclose the lien except after 10 days' prior written notice to the unit owner given by registered mail, return receipt requested, to the address of the unit owner shown on the books of the association.

NOTE: Sub. (7) is shown as renumbered from 703.16 (8) eff. 11-1-04 by 2003 Wis. Act 283.

(8) **FORM OF STATEMENT OF CONDOMINIUM LIEN.** A statement of condominium lien is sufficient for the purposes of this chapter if it contains the following information and is substantially in the following form:

Statement of Condominium Lien

This is to certify that owner(s) of unit No. in Condominium (is) (are) indebted to the association in the amount of \$..... as of, (year) for (his) (her) (its) (their) (proportionate share of common expenses of the Condominium) (damages to the condominium) (penalties for violation of condominium declaration, bylaws, or rules) for the period from (date) to (date), plus interest thereon at the rate of%, costs of collection, and actual attorney fees.

Association

By:

Officer's title (or agent)

Address

Phone number

I hereby affirm under penalties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information, and belief.

.....

Officer (or agent)

NOTE: Sub. (8) is shown as renumbered from 703.16 (9) and amended eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283 ss. 31, 34.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.17 Insurance. (1) An association shall obtain insurance for the property against loss or damage by fire and such other hazards for not less than full replacement value of the property insured and a liability policy covering all claims commonly insured against. Insurance coverage shall be written on the property in the name of the association as trustee for each of the unit owners in the percentages established in the declaration. Premiums shall be common expenses. Provisions for such insurance

703.17 CONDOMINIUMS

shall be without prejudice to the right of each unit owner to insure his or her own unit for personal benefit.

(2) Insurance proceeds shall first be disbursed by the trustees for the repair or restoration of the damaged common elements, and the unit owners and mortgagees shall not be entitled to receive payment of any portion of the insurance proceeds unless the association has determined not to rebuild, or the court has ordered partition of the condominium property, or there is a surplus of insurance proceeds after the common elements have been completely repaired or restored.

History: 1977 c. 407; 1985 a. 332.

703.18 Repair or reconstruction. (1) A declaration shall provide for the repair or reconstruction of the common elements in the event of damage to all or part of the common elements of the condominium.

(2) (a) Unless otherwise provided in the declaration, in the event of damage to or destruction of common elements of a condominium, the association shall promptly undertake to repair or reconstruct it to a condition compatible with the remainder of the condominium. All cost of the repair or reconstruction in excess of available insurance proceeds shall be a common expense.

(b) However, if a condominium is damaged to an extent more than the available insurance proceeds, the condominium shall be subject to an action for partition upon obtaining the written consent of the unit owners having 75% or more of the votes. In the case of partition, the net proceeds of sale together with any net proceeds of insurance shall be considered as one fund and shall be divided among all unit owners in proportion to their percentage interests in the common elements, and shall be distributed in accordance with the priority of interests in each unit.

History: 1977 c. 407.

703.19 Eminent domain. (1) **DEFINITION.** In this section, "taking under the power of eminent domain" includes any sale in settlement of any pending or threatened condemnation proceeding.

(2) **ALLOCATION OF AWARD; PROVISIONS IN DECLARATION OR BYLAWS.** A declaration or bylaws may provide for an allocation of any award for a taking under the power of eminent domain of all or part of the condominium. A declaration or bylaws also may provide for:

(a) Reapportionment or other change of the percentage interests appurtenant to each unit remaining after any taking; and

(b) Rebuilding, relocation or restoration of any improvements so taken in whole or in part.

(3) **ALLOCATION OF AWARD; IN ABSENCE OF PROVISIONS IN DECLARATION OR BYLAWS.** Unless otherwise provided for in a declaration or bylaws, any damages for a taking of all or part of a condominium shall be awarded as follows:

(a) Every unit owner is entitled to the entire award for the taking of all or part of their respective unit and for consequential damages to their unit.

(b) Any award for the taking of limited common elements shall be allocated to the unit owners of the units to which the use of those limited common elements is restricted in proportion to their respective percentage interests in the common elements.

(c) In the event no reconstruction is undertaken, any award for the taking of common elements shall be allocated to all unit owners in proportion to their respective percentage interests in the common elements.

(4) **RECONSTRUCTION FOLLOWING TAKING.** Following the taking of all or a part of the common elements, an association shall promptly undertake to restore the improvements of the common elements to an architectural whole compatible with the existing structure. Any costs of such restoration in excess of the condemnation award shall be a common expense. However, if the taking under the power of eminent domain is to the extent where the remaining condominium portion has been diminished to the extent that reconstruction or restoration is not practical, a con-

dominium shall be subject to an action for partition upon obtaining the written consent of the unit owners having 75% or more of the vote. In the case of partition, the net proceeds of sale, together with any net proceeds of the award for taking, shall be considered as one fund and shall be divided among all unit owners in proportion to their percentage interest in the common elements and shall be distributed in accordance with the priority of interests in each unit.

(5) **ADJUSTMENT OF PERCENTAGE INTERESTS FOLLOWING TAKING; EFFECT OF TAKING ON VOTES APPURTENANT TO UNIT.** Following the taking of all or a part of any unit, the percentage interests appurtenant to the unit shall be adjusted in proportion as provided in the condominium instruments or bylaws. The association promptly shall prepare and record an amendment to the declaration reflecting the new percentage interests appurtenant to the unit. Subject to sub. (7), following the taking of part of a unit, the votes appurtenant to that unit shall be appurtenant to the remainder of that unit, and following the taking of all of a unit, the right to vote appurtenant to the unit shall terminate.

(6) **PRIORITY IN DISTRIBUTION OF DAMAGES FOR EACH UNIT.** All damages for each unit shall be distributed in accordance with the priority of interests at law or in equity in each respective unit.

(7) **TAKING NOT TO INCLUDE PERCENTAGE INTERESTS OR VOTES.** A taking of all or part of a unit may not include any of the percentage interests or votes appurtenant to the unit.

(8) **PRESERVATION OF THE RIGHT OF APPEAL.** The owner of each unit taken may appeal the necessity of taking and the condemnation award made for the taking. A unit owner may appeal the necessity of taking, and the condemnation award made for the taking, of the owner's interest in the common elements. The unit owners having an interest in the ownership of limited common elements may individually or as a group appeal the necessity of taking or the condemnation award made for the taking of the limited common elements.

NOTE: Sub. (8) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(8) **PRESERVATION OF THE RIGHT OF APPEAL.** The owner of each unit taken shall have the individual right of appeal of the necessity of taking and of the condemnation award made for the taking. An association shall have the right of appeal of the necessity of taking of the common elements and the right of appeal of the condemnation award made for the taking of the common elements. An appeal by an association shall be binding upon the individual unit owners for the necessity of taking or the condemnation award made for the taking of the common elements. The unit owners having an interest in the ownership of limited common elements may individually or as a group appeal the necessity of taking or the condemnation award made for the taking of the limited common elements.

History: 1977 c. 407; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.195 Acquisition of common elements by condemnors. (1) **DEFINITIONS.** In this section:

(a) "Acquire" means to obtain title to real property by purchase or condemnation.

(b) "Common elements" means all of a condominium except its units and any limited common elements.

(c) "Condemnor" means a person specified in s. 32.01 (1) who has the authority to condemn property under ch. 32.

(2) **APPLICABILITY.** This section applies to the acquisition by a condemnor of a portion of the common elements of a condominium that is created 6 months or more after November 1, 2004. This section is in addition to any applicable provision in ch. 32.

(3) **NOTICE TO UNIT OWNERS AND ASSOCIATION.** A condemnor who seeks to acquire a portion of the common elements of a condominium and who wishes to negotiate with the association instead of with each unit owner shall notify the association and each unit owner of the proposed acquisition, in writing, at least 30 days before delivery of the appraisal required under s. 32.05 (2) (b) or 32.06 (2) (b). The notice to the unit owners shall be sent by certified mail, requesting a return receipt signed by the addressee only. Notice is deemed complete on the date the addressee acknowledges receipt. The notice required under this subsection is in addition to any notice required under s. 32.05 or 32.06 and

shall be provided simultaneously with the pamphlets that are prepared under s. 32.26 (6) and provided under ss. 32.05 (2a) and 32.06 (2a). The condemnor is responsible for the expense of sending the notice under this subsection.

(4) **CONTENT OF NOTICE TO UNIT OWNERS.** The notice to the unit owners required under sub. (3) shall, at a minimum, contain all of the following:

- (a) The name and address of the condemnor.
- (b) The legal description of the property to be acquired.
- (c) The public purpose for which the property is being acquired and a statement that the condemnor in good faith intends to use the property for that purpose.
- (d) The following statement in substantially identical language, in at least 12-point bold type, if printed, or in capital letters, if typewritten:

THIS NOTICE IS REQUIRED BY SECTION 703.195 OF THE WISCONSIN STATUTES. SECTION 703.195 OF THE WISCONSIN STATUTES PROVIDES THAT THE CONDOMINIUM ASSOCIATION OF WHICH YOU ARE A MEMBER MUST ACT AS YOUR AGENT TO CONVEY YOUR INTEREST IN THE AFFECTED PORTION OF THE CONDOMINIUM'S COMMON ELEMENTS IF YOU WISH. HOWEVER, YOU HAVE THE RIGHT TO NEGOTIATE WITH THE (NAME OF ACQUIRING AGENCY) ON YOUR OWN AND MAY REFUSE TO BE REPRESENTED BY THE ASSOCIATION.

IN ORDER FOR YOU TO PROCEED TO NEGOTIATE WITH THE (NAME OF ACQUIRING AGENCY) ON YOUR OWN, YOU MUST WITHIN 30 DAYS AFTER RECEIPT OF THIS NOTICE SIGN THIS DOCUMENT AT THE INDICATED LOCATION AND DEPOSIT IT IN THE UNITED STATES MAIL. (NAME OF ACQUIRING AGENCY) HAS ENCLOSED FOR YOUR CONVENIENCE A POSTAGE PREPAID, ADDRESSED ENVELOPE FOR THIS PURPOSE. FAILURE TO SIGN AND RETURN THIS NOTICE MEANS THAT YOU CONSENT TO THE ASSOCIATION ACTING AS YOUR AGENT TO NEGOTIATE AND CONVEY YOUR INTEREST IN THE AFFECTED PORTION OF THE CONDOMINIUM'S COMMON ELEMENTS.

IF THE ASSOCIATION ACTS AS YOUR AGENT, YOU WILL BE LEGALLY BOUND BY ANY DECISION OF THE ASSOCIATION'S BOARD OF DIRECTORS RELATING TO THE CONVEYANCE OF YOUR INTEREST IN THE AFFECTED PORTION OF THE CONDOMINIUM'S COMMON ELEMENTS. REGARDLESS OF WHETHER YOU CHOOSE TO NEGOTIATE ON YOUR OWN OR TO ALLOW THE ASSOCIATION OR ANY OTHER PERSON OR ENTITY TO NEGOTIATE ON YOUR BEHALF, YOU WILL RETAIN ALL RIGHTS TO CHALLENGE THE RIGHT OF CONDEMNATION, THE NECESSITY OF CONDEMNATION, OR ANY AMOUNT OF COMPENSATION AVAILABLE TO YOU UNDER CHAPTER 32 OF THE WISCONSIN STATUTES.

(e) A prominent place for the unit owner to sign his or her name to indicate the unit owner's objection to the association acting as the agent for the unit owner in the conveyance of the common elements at issue.

(5) **METHOD OF OBJECTING BY UNIT OWNER.** A unit owner who objects to the association acting as the agent for the owner shall indicate the objection as provided on the form under sub. (4) (e) and send the form, within 30 days after the notice under sub. (3) is received, to the condemnor by U.S. mail to the address indicated on the notice. The objection is made when the completed form is mailed to the condemnor. Before initiating negotiations with the unit owner under s. 32.05 (2a) or 32.06 (2a), the condemnor shall provide the association and those unit owners who have objected a written list of all of the unit owners who have objected.

(6) **NO OBJECTION BY UNIT OWNER; ASSOCIATION AS AGENT.** If a unit owner does not timely object under sub. (5), the unit owner is deemed to have consented to the association acting as the unit

owner's agent in the conveyance of the common elements at issue and the association shall act as the agent for the unit owner in the conveyance to the condemnor of the unit owner's interest in the common elements at issue. Failure of the unit owner to object within the required time does not affect any other rights of the unit owner under ch. 32.

(7) **METHOD OF CONVEYANCE.** The association shall execute any conveyance under this section as the agent for each of the unit owners who did not timely object under sub. (5). Those unit owners shall be identified, by name, on the conveyance.

(8) **OBJECTION BY UNIT OWNER; UNIT OWNER RETAINS RIGHTS.** A unit owner who timely objects under sub. (5) retains all of his or her rights under ch. 32 with regard to the acquisition of the common elements at issue and to unit ownership.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.20 Books of receipts and expenditures.

(1) **RECORD KEEPING; AVAILABILITY FOR EXAMINATION.** An association shall keep detailed, accurate records using standard book-keeping procedures of the receipts and expenditures affecting the common elements, specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. The records and the vouchers authorizing the payments shall be available for examination by the unit owners at convenient hours.

(2) **DISCLOSURE INFORMATION.** Within 10 days after a request by a seller other than the declarant, an association shall furnish the information necessary for the seller to comply with s. 703.33. The seller shall pay the association the actual costs of furnishing the information.

(3) **DECLARANT RESPONSIBILITIES FOR RECORDS.** During the period of declarant control under s. 703.15 (2) (c), the declarant is responsible for creating and maintaining the financial and operational records of the association and shall turn the records over to the directors elected under s. 703.15 (2) (f). During the period of declarant control under s. 703.15 (2) (c) and for one year thereafter, upon written request to the association by the lesser of 3 unit owners or the owners of 10% of the units, not including units owned by the declarant, the association shall arrange for an independent audit of its financial records at the association's expense. The cost of any audit requested within 36 months after the completion of a previous audit shall be paid for by the requesting unit owners.

NOTE: Sub. (3) is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 1977 c. 407; 1985 a. 188; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.21 **Separate taxation.** (1) Every unit and its percentage of undivided interest in the common elements shall be deemed to be a parcel and shall be subject to separate assessments and taxation by each assessing unit and special district for all types of taxes authorized by law including, but not limited to, special levies based on the value of property and special assessments. Neither the building, the property nor any of the common elements shall be deemed to be a parcel separate from the unit.

(2) The rights, duties and obligations of unit owners under this chapter shall inure to and be binding upon grantees under tax deeds and persons acquiring title by foreclosure of tax liens and their successors in interest.

History: 1977 c. 407; 1979 c. 110.

703.22 **Mechanics' and materialmen's liens.** (1) Subsequent to recording a declaration under this chapter and while the property remains subject to this chapter, any and all liens will exist only against individual units and the percentage of undivided interest in the common elements appurtenant to such unit, in the same manner and under the same conditions in every respect as liens or encumbrances may arise or be created upon or against any

other separate parcel of real property subject to individual ownership.

(2) Any mechanics' lien or materialmen's lien arising as a result of repairs to or improvements of a unit by a unit owner shall be a lien only against the unit.

(3) Any mechanics' or materialmen's lien arising as a result of repairs to or improvements of the common elements, if authorized in writing by the association, shall be paid by the association as a common expense and until paid shall be a lien against each unit in proportion to its percentage interest in the common elements. On payment of the proportionate amount by any unit owner to the lienor or on the filing of a written undertaking in the manner specified by s. 779.08, the unit owner shall be entitled to a release of his or her unit from the lien and the association shall not be entitled to assess his or her unit for payment of the remaining amount due for the repairs or improvements.

History: 1977 c. 407; 1979 c. 32 s. 92 (9).

Because the statute is silent as to the amount each unit should pay when a blanket lien is filed, application of the equitable principal that the lien should be applied proportionately against each unit was appropriate. *Torke/Wirth/Pujara v. Lakeshore Towers*, 192 Wis. 2d 481, 531 N.W.2d 419 (Ct. App. 1995).

703.23 Resident agent; exemption of unit owners from liability. (1) **APPOINTMENT OF RESIDENT AGENT; CHANGE IN NAME OR ADDRESS.** When any property is submitted to a condominium declaration, the declarant shall appoint a resident agent for the condominium who shall be a citizen and actual resident of the state or corporation duly registered or qualified to do business in the state. The declarant shall file the name and address of the resident agent with the department of financial institutions. The name or address of the resident agent may be changed by the association or other proper authority of the condominium in the same manner and to the same extent that names and addresses of registered agents may be changed by corporations. If the association is incorporated, the registered agent for the association shall be the registered agent for the condominium.

(2) **INDEX OF NAMES AND ADDRESS OF RESIDENT AGENTS.** The department of financial institutions shall keep an index of the names and addresses of resident agents and shall make the information available to the public on request.

(3) **SUITS BROUGHT BY SERVICE ON RESIDENT AGENT.** Suit may be brought by service on the resident agent in actions against an association, or which arise through any cause relating to the common elements.

(4) **EXEMPTION OF UNIT OWNERS FROM LIABILITY FOR CERTAIN CLAIMS.** Except in proportion to his or her percentage interest in the common elements, no unit owner personally is liable for damages as a result of injuries arising in connection with the common elements solely by virtue of his or her ownership of a percentage interest in the common elements, or for liabilities incurred by the association.

History: 1977 c. 407; 1995 a. 27.

703.24 Remedies for violations by unit owner or tenant of a unit owner. (1) **DEFINITION.** In this section, "violation" means failure to comply with this chapter or the declaration, bylaws, or association rules.

(2) **LIABILITY FOR UNIT OWNER VIOLATION.** A unit owner who commits a violation is liable for any charges, fines, or assessments imposed by the association pursuant to the bylaws or association rules as a result of the violation and may be subject to a temporary or permanent injunction.

(3) **LIABILITY FOR VIOLATION BY TENANT.** (a) If a tenant of a unit commits a violation that results in a charge, fine, or assessment imposed by the association pursuant to the bylaws or association rules, the tenant is liable for the charge, fine, or assessment.

(b) If the association complies with the notice requirement of sub. (4), the owner of the unit occupied by the tenant when the violation occurred is liable for any charges, fines, or assessments imposed by the association for which the tenant is liable under par.

(a) that are not paid by the tenant within 30 days after receiving the notice under sub. (4). This paragraph does not affect the liability of the tenant to the unit owner for any charges, fines, or assessments paid by the unit owner under this paragraph.

(4) **NOTICE REQUIREMENT FOR VIOLATION BY TENANT.** If an association imposes a charge, fine, or assessment as a result of a violation by a tenant of a unit in the condominium, the association shall give notice to the tenant by any method under s. 704.21 (1) (a) to (e) and to the owner of the unit occupied by the tenant by any method under s. 704.21 (2) (a) to (d). The notice shall include all of the following:

(a) The amount of charges, fines, or assessments for which the tenant is liable.

(b) Notice that if the tenant fails to pay the association the amount for which the tenant is liable within 30 days after the tenant receives the notice, the owner is liable to the association for the amount unpaid by the tenant although the tenant may be liable to the unit owner for any amounts the unit owner pays.

(5) **OTHER LIABILITY NOT AFFECTED.** This section does not otherwise affect the liability of a unit owner or tenant who commits a violation.

NOTE: This section is shown as repealed and recreated eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

703.24 Remedies for violation by unit owner. If any unit owner fails to comply with this chapter, the declaration or bylaws, the unit owner may be sued for damages caused by the failure or for injunctive relief, or both, by the association or by any other unit owner.

History: 1977 c. 407; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.25 Tort and contract liability. (1) An action for tort alleging a wrong done by any agent or employee of a declarant or of an association, or in connection with the condition of any portion of a condominium which a declarant or an association has the responsibility to maintain, shall be brought against the declarant or the association, as the case may be. No unit owner shall be precluded from bringing such an action by virtue of its ownership of an undivided interest in the common elements or by reason of its membership in the association or its status as an officer.

(2) An action arising from a contract made by or on behalf of an association shall be brought against the association, or against the declarant if the cause of action arose during the exercise by the declarant of control reserved under the declaration. No unit owner shall be precluded from bringing such an action by reason of its membership in the association or its status as an officer.

(3) A judgment for money against an association shall be a lien against any property owned by the association, and against each of the condominium units in proportion to the liability of each unit owner for common expenses as established under the declaration in an amount not exceeding the market value of the unit, but not against any other property of any unit owner.

History: 1977 c. 407.

Sections 703.25 (3) and 840.10 (1) permit the filing of a *lis pendens* in an action for a money judgment against a condominium association as a judgment will be a lien against each condominium unit although their owners are not defendants in the action. *Interlaken Service Corporation v. Interlaken Condominium Association*, 222 Wis. 2d 299, 588 N.W.2d 262 (Ct. App. 1998).

703.255 Noncompletion of units. (1) A declarant who does not complete any unit described in the declaration within 5 years after recording the declaration under s. 703.07 shall do one of the following:

(a) Amend the declaration to remove the description of the uncompleted units and, notwithstanding the unit owner consent requirements of ss. 703.09 (2) and 703.13 (4), revise the percentage interests appurtenant to each unit and the number of votes appurtenant to each unit to adjust for the units removed.

(b) Secure a written agreement from at least 75% of the unit owners, not including the declarant, which permits the declarant to complete the uncompleted units within 5 years after the date of

the written agreement and shall either complete the units within that time period or amend the declaration as provided in par. (a).

(2) Subsection (1) does not apply to expanding condominiums under s. 703.26.

(3) Subsection (1) does not eliminate any liability of a declarant under s. 703.24 or 703.25.

NOTE: This section is repealed eff. 11-1-04 by 2003 Wis. Act 283.

History: 1985 a. 188; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.26 Expanding condominiums. (1) **DECLARANT MAY RESERVE RIGHT TO EXPAND.** A declarant may reserve the right to expand a condominium by subjecting additional property to the condominium declaration in such a manner that as each additional property is subjected to the condominium declaration, the percentage of undivided interests in the common elements of the preceding and new property shall be reallocated between the unit owners on the basis of the aggregate undivided interest in the common elements appertaining to the property.

(2) **CONDITIONS TO WHICH RESERVATION SUBJECT.** A reservation of the right to expand a condominium is subject to the conditions provided in this subsection.

(a) A declaration establishing a condominium shall describe each parcel of property which may be added to the condominium.

(b) A declaration establishing a condominium shall show the maximum number of units which may be added, and the percentage interests in the common elements, the liabilities for common expenses and the rights to common surpluses, and the number of votes appurtenant to each unit following the addition of property to the condominium, if added. The percentage interests in the common elements, the liabilities for common expenses and the rights to common surpluses, and the number of votes that each unit owner will have may be shown by reference to a formula or other appropriate method of determining them following each expansion of the condominium.

(c) A condominium plat for an original condominium shall include, in general terms, the outlines of the land, buildings, and common elements of new property that may be added to the condominium.

(d) In a declaration establishing a condominium, a right to expand the condominium may be reserved in the declaration for a period not exceeding 10 years from the date of recording of the declaration.

(3) **RECORDATION OF AMENDMENTS TO DECLARATION AND PLAT.**

(a) If the conditions of sub. (2) are complied with, property may be added to a condominium if the declarant records an amendment to the declaration, showing the new percentage interests of the unit owners, and the votes which each unit owner may cast in the condominium as expanded, and records an addendum to the condominium plat that includes the detail and information concerning the new property as required in the original condominium plat.

(b) On recording of an amendment of a declaration and an addendum to a plat, each unit owner, by operation of law, has the percentage interests in the common elements, liabilities in the common expenses, rights to common surpluses, and shall have the number of votes, set forth in the amendment to the declaration. Following any expansion, the interest of any mortgagee shall attach, by operation of law, to the new percentage interests in the common elements appurtenant to the unit on which it is a lien.

History: 1977 c. 407; 1997 a. 333.

Substantial compliance with formal requirements as permitted by s. 703.30 (2) is limited to the condominium status of the property and title of the unit owners. It does not apply to a project's status as an expanding condominium under this section. Rock Lake Estates Unit Owners Association, Inc. v. Town of Lake Mills, 195 Wis. 2d 348, 536 N.W.2d 415 (Ct. App. 1995), 94-2488.

703.265 Addendum to plat to reflect changes in building codes or zoning ordinances. (1) If the revision or adoption of a building code or zoning ordinance prevents or substantially affects the construction of a unit or common elements as platted, the declarant may reasonably modify the condominium

plat, by addendum, to the extent necessary to comply with the code or ordinance in order to construct the unit or common elements.

(2) If the revision or adoption of a building code or zoning ordinance prevents or substantially affects the reconstruction of a unit or common element as platted, the declarant, unit owner, or association, as appropriate, may reasonably modify the condominium plat, by addendum, to the extent necessary to comply with the code or ordinance in order to reconstruct the unit or common elements.

(3) An addendum made under this section shall be recorded as provided under s. 703.095.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.27 Zoning and building regulations. (1) A zoning or other land use ordinance or regulations may not prohibit the condominium form of ownership or impose any requirements upon a condominium that it would not impose if the development were under a different form of ownership. No provision of a state or local building code may be applied differently to a building in a condominium than it would be applied if the building were under a different form of ownership unless the different application is expressly permitted in that provision and the different application is reasonably related to the nature of condominium ownership. No subdivision ordinance may apply to any condominium unless the ordinance is, by its express terms, applicable to condominiums and the application is reasonably related to the nature of condominium ownership.

(2) No county, city, or other jurisdiction may enact any law, ordinance, or regulation that would impose a greater burden or restriction on a condominium or provide a lower level of services to a condominium than would be imposed or provided if the condominium were under a different form of ownership.

NOTE: This section is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

703.27 Zoning and building regulations. (1) A zoning or other land use ordinance or regulations may not prohibit the condominium form of ownership or impose any requirements upon a condominium which it would not impose upon a physically identical development under a different form of ownership. No provision of a state or local building code may be applied differently to a building in a condominium than it would be applied to a building of similar structure or occupancy under a different form of ownership unless the different application is expressly permitted in that provision. No subdivision ordinance may apply to any condominium unless the ordinance is, by its express terms, applicable to condominiums.

(2) No county, city or other jurisdiction may enact any law, ordinance or regulation which would impose a burden or restriction on a condominium that is not imposed on all other property of similar character not subjected to a condominium declaration.

History: 1977 c. 407; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.275 Merger or consolidation of condominiums.

(1) **AGREEMENT; LEGAL EFFECT.** Any 2 or more condominiums, including 2 or more small condominiums or any combination of small condominiums and other condominiums, by agreement of the unit owners as provided in this section, may be merged or consolidated into a single condominium. Unless the agreement otherwise provides, the condominium resulting from a merger or consolidation is, for all purposes, the legal successor of all of the preexisting condominiums and the operations and activities of all associations of the preexisting condominiums shall be merged or consolidated into a single association which shall hold all powers, rights, obligations, assets and liabilities of the preexisting associations. The resultant condominium must bear the name of one of the preexisting condominiums.

NOTE: Sub. (1) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(1) **AGREEMENT; LEGAL EFFECT.** Any 2 or more condominiums, by agreement of the unit owners as provided in this section, may be merged or consolidated into a single condominium. Unless the agreement otherwise provides, the condominium resulting from a merger or consolidation is, for all purposes, the legal successor of all of the preexisting condominiums and the operations and

activities of all associations of the preexisting condominiums shall be merged or consolidated into a single association which shall hold all powers, rights, obligations, assets and liabilities of the preexisting associations. The resultant condominium must bear the name of one of the preexisting condominiums.

(2) REALLOCATION OF INTERESTS. (ac) In this subsection, "allocated interests" means the undivided percentage interest in the common elements, the liability for common expenses, and the number of votes at meetings of the association appurtenant to each unit.

(bc) The merger or consolidation agreement shall provide for the reallocation of the allocated interests among the units of the resultant condominium. The agreement may not change the ratio that exists before the merger or consolidation between the allocated interests of any unit and the allocated interests of any other unit in the same preexisting condominium. The agreement shall state one of the following:

1. The reallocations or the formulas upon which they are based.

2. The percentage of the total of allocated interests of the new condominium which are allocated to all of the units comprising each of the preexisting condominiums.

NOTE: Sub. (2) is shown as affected eff. 11-1-04 by 2004 Wis. Act 283. Prior to 11-1-04 it reads:

(2) The merger or consolidation agreement shall provide for the reallocation of the allocated interests among the units of the resultant condominium. The agreement may not change the ratio that exists before the merger or consolidation between the allocated interests of any unit and the allocated interests of any other unit in the same preexisting condominium. The agreement shall state one of the following:

(a) The reallocations or the formulas upon which they are based.

(b) The percentage of the total of allocated interests of the new condominium which are allocated to all of the units comprising each of the preexisting condominiums.

(3) AGREEMENT; OTHER PROVISIONS. The merger or consolidation agreement may contain any provisions consistent with this chapter in addition to those specified in sub. (2).

(4) VOTES. The merger or consolidation agreement is effective if the agreement is approved by the unit owners of units to which at least 75% of the votes in each preexisting association are allocated. If the declaration of a preexisting association specifies that a percentage greater than 75% of the votes in that association is required to approve a merger or consolidation agreement, the greater percentage applies to the vote of that association. A declaration of a preexisting association may specify a smaller percentage and the smaller percentage applies to the vote of that association only if all of the units in the preexisting condominium are restricted exclusively to nonresidential uses.

(5) RECORDING. Both a restatement of the declaration of the resultant condominium that includes the merger agreement and an addendum to the condominium plat of the resultant condominium shall be recorded as provided in s. 703.07. The register of deeds shall reference the document number, volume and page of the plat of the resultant condominium on the plat of the preexisting condominium and shall note that the preexisting condominium has been merged.

History: 1985 a. 188; 1997 a. 333; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.28 Removal from provisions of this chapter.

(1) All of the unit owners may remove all or any part of the property from the provisions of this chapter by a removal instrument, duly recorded, provided that the holders of all liens affecting any of the units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property.

(1m) (a) If the merger of 2 or more condominiums under s. 703.275 would result in the creation of a new plat for the resultant condominium, the property of the preexisting condominiums shall first be removed from the provisions of this chapter by recording a removal instrument.

(b) Before a certified survey map, condominium plat, subdivision plat or other plat may be recorded and filed for the same prop-

erty, the condominium shall first be removed from the provisions of this chapter by recording a removal instrument.

(2) Upon removal of any property from this chapter, the property shall be deemed to be owned in common by the unit owners. The undivided interest in the property owned in common which appertains to each unit owner shall be the percentage of undivided interest previously owned by the owner in the common elements.

History: 1977 c. 407; 1997 a. 333; 1999 a. 96.

703.29 Removal no bar to subsequent resubmission.

The removal provided for in s. 703.28 shall in no way bar the subsequent resubmission of the property to this chapter.

History: 1977 c. 407.

703.30 Rules of construction. (1) CERTAIN RULES OF LAW NOT APPLICABLE. Neither the rule of law known as the rule against perpetuities nor the rule of law known as the rule restricting unreasonable restraints on alienation may be applied to defeat or invalidate any provision of this chapter or of any condominium instruments, bylaws or other instrument made pursuant to this chapter.

(2) SUBSTANTIAL CONFORMITY OF CONDOMINIUM INSTRUMENTS AND BYLAWS SUFFICIENT. The provisions of any condominium instruments and bylaws filed under this chapter shall be liberally construed to facilitate the creation and operation of the condominium. So long as the condominium instruments and bylaws substantially conform with the requirements of this chapter, no variance from the requirements shall affect the condominium status of the property in question nor the title of any unit owner to his or her unit, votes and percentage interests in the common elements and in common expenses and common surpluses.

(3) PROVISIONS OF CONDOMINIUM INSTRUMENTS AND BYLAWS SEVERABLE. All provisions of condominium instruments and bylaws are severable and the invalidity of one provision does not affect the validity of any other provision.

(4) CONFLICTS IN PROVISIONS. If there is any conflict between any provisions of a declaration and provisions of a condominium plat or any provisions of the bylaws, the provisions of the declaration shall control. If there is any conflict between any provisions of any condominium instruments and any provisions of any bylaws, the provisions of the condominium instruments shall control. If there is any conflict between any provisions of any condominium instruments or any provisions of any bylaws and any provisions of this chapter, the provisions of this chapter shall control.

(5) INSTRUMENTS CONSTRUED TOGETHER. Condominium instruments shall be construed together and are determined to incorporate one another to the extent that any requirement of this chapter applying to one instrument is satisfied if the deficiency can be corrected by reference to any of the others.

History: 1977 c. 407.

The application of this section is limited to the condominium status of the property and title of the unit owners. It does not apply to a project's status as an expanding condominium under s. 703.26. Rock Lake Estates Unit Owners Association, Inc. v. Town of Lake Mills, 195 Wis. 2d 348, 536 N.W.2d 415 (Ct. App. 1995), 94-2488.

703.31 Personal application. (1) All unit owners, tenants of the owners, employees of owners and tenants or any other persons that in any manner use property or any part thereof subject to this chapter shall be subject to this chapter and to the declaration and bylaws of the association adopted under this chapter.

(2) All agreements, decisions and determinations lawfully made by an association in accordance with the voting percentages established in this chapter, declaration or bylaws, shall be deemed to be binding on all unit owners.

History: 1977 c. 407.

703.315 Lease or rental agreements for residential units. (1) DEFINITIONS. In this section:

(a) "Condominium rental agreement" means an agreement, whether oral or written, for the rental or lease of a residential condominium unit by the same tenant for a period of more than one month.

(b) "Tenant" means any of the following:

1. A person occupying or entitled to present or future occupancy of a residential condominium unit under a condominium rental agreement.

2. A periodic tenant, as defined in s. 704.01 (2), of a residential condominium unit that pays rent on a month-to-month or greater recurring interval of time.

(c) "Unit owner" means the owner of a unit that is rented or leased under a condominium rental agreement or by a periodic tenant.

(2) **AGREEMENT FOR COMPLIANCE.** Entering into a condominium rental agreement constitutes an agreement by the tenant, as a condition of the condominium rental agreement, to comply with this chapter, the rules and bylaws of the association, and the provisions of the declaration. Entitlement to occupancy of a unit as a periodic tenant, as described in sub. (1) (b) 2., constitutes an agreement by the periodic tenant, as a condition of the tenancy, to comply with this chapter, the rules and bylaws of the association, and the provisions of the declaration.

(3) **COPY OF WRITTEN AGREEMENT TO ASSOCIATION.** Within 5 business days after entering into or renewing a written condominium rental agreement, the unit owner shall provide a copy of the agreement to the association. The association shall keep a copy of any condominium rental agreement on file while the agreement is in effect.

(4) **CONTACT OF UNIT OWNER AND TENANT BY ASSOCIATION.** The association may contact or give notice to the tenant or unit owner by:

(a) Making the contact or giving the notice by the means indicated by the tenant or unit owner in writing to the association.

(b) If par. (a) does not apply, by any method under s. 704.21 (1) (a) to (e), in the case of the tenant, or by any method under s. 704.21 (2) (a) to (d), in the case of the unit owner.

(5) **COPY OF CONDOMINIUM DOCUMENTS TO TENANT.** Before a tenant occupies a unit, the unit owner shall provide a copy of the declaration and the association bylaws and rules to the tenant or place the information in the unit.

(6) **TIME SHARE NOT COVERED.** This section does not apply to a time-share unit governed under ch. 707.

NOTE: This section is created eff. 11-1-04 by 2003 Wis. Act 283.

History: 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

703.32 Easements and encroachments. (1) **PRESUMPTION AS TO EXISTING PHYSICAL BOUNDARIES.** Any existing physical boundaries of any unit or common elements constructed or reconstructed in substantial conformity with the condominium plat shall be conclusively presumed to be its boundaries, regardless of the shifting, settlement or lateral movement of any building and regardless of minor variations between the physical boundaries as described in the declaration or shown on the condominium plat and the existing physical boundaries of any such unit or common element. This presumption applies only to encroachments within the condominium.

(2) **ENCROACHMENT AS RESULT OF AUTHORIZED CONSTRUCTION, RECONSTRUCTION OR REPAIR.** If any portion of any common element encroaches on any unit or if any portion of a unit encroaches on any common element, as a result of the duly authorized construction, reconstruction or repair of a building, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the building stands.

(3) **EASEMENTS INCLUDED IN GRANT OF UNIT.** A grant or other disposition of a condominium unit shall include and grant and be subject to any easement arising under the provisions of this section without specific or particular reference to the easement.

(4) **ASSOCIATION'S RIGHT OF ENTRY TO MAKE REPAIRS.** An association shall have an irrevocable right and an easement to enter units to make repairs to common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving

manifest danger to public safety or property, an association shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of such repairs. No entry by an association for the purposes specified in this subsection may be considered a trespass.

History: 1977 c. 407.

703.33 Disclosure requirements. (1) **MATERIAL TO BE FURNISHED BY SELLER TO PURCHASER BEFORE CLOSING.** Not later than 15 days prior to the closing of the sale of a unit to a member of the public, the seller shall furnish to the purchaser the following:

(a) A copy of the proposed or existing declaration, bylaws and any rules or regulations, together with an index of the contents.

(b) A copy of the proposed or existing articles of incorporation of the association, if it is or is to be incorporated.

(c) A copy of any proposed or existing management contract, employment contract or other contract affecting the use, maintenance or access of all or part of the condominium to which it is anticipated the unit owners or the association will be a party following closing.

(d) A copy of the projected annual operating budget for the condominium including reasonable details concerning the estimated monthly payments by the purchaser for assessments, and monthly charges for the use, rental or lease of any facilities not part of the condominium.

(e) A copy of any lease to which it is anticipated the unit owners or the association will be a party following closing.

(f) A description of any contemplated expansion of the condominium with a general description of each stage of expansion and the maximum number of units that can be added to the condominium.

(g) A copy of the floor plan of the unit together with the information that is necessary to show the location of the common elements and other facilities to be used by the unit owners and indicating which facilities will be part of the condominium and which facilities will be owned by others.

(h) An executive summary setting forth in clear plain language the following information or location within the disclosure materials described in pars. (a) to (g) where the information may be found:

1. 'Condominium identification.' The name of the condominium.

2. 'Expansion plans.' A description of the declarant's expansion plan for the condominium and deadline for implementation and the identity of the condominium management during the expansion period.

3. 'Governance.' The name and address of the condominium association; whether the association is self-managed or has hired or retained management; and the name, address, and telephone number of the individual or individuals who may be contacted regarding the condominium in general.

4. 'Special amenities.' A description of any special amenities, such as an athletic club or golf course, and a statement of the obligation of a unit owner to join or support the amenity.

5. 'Maintenance and repair of units.' A description of an owner's responsibilities for the repair and maintenance of the unit.

6. 'Maintenance, repair, and replacement of common elements.' The identity of the person responsible for the maintenance, repair, and replacement of common elements and limited common elements and whether repairs or replacements will be funded from unit owner assessments, reserve funds, or both.

7. 'Rental of units.' Whether unit owners may rent their units and any restrictions on rentals.

8. 'Unit alterations.' A description of any rules, restrictions, or procedures governing a unit owner's authority to alter the unit or use or enclose limited common elements.

9. 'Parking.' A description of the availability, restrictions, and costs of parking.

10. 'Pets.' A description of rules relating to unit owners' pets.
11. 'Reserves.' Whether the association maintains reserves for repairs and replacement of common elements beyond routine maintenance and, if so, whether a statutory reserve account under s. 703.163 is maintained.

11m. 'Fees on new units.' A description of any provisions exempting the declarant or modifying the declarant's obligation to pay assessments on the declarant's unsold units during the period of the declarant's control, and any other provisions in the declaration, bylaws, or budget addressing the levying and payment of assessments on units during the period of the declarant's control.

11q. 'Amendments.' An indication that a unit purchaser's rights and responsibilities may be altered by an amendment of the declaration or bylaws, and a description of the amendment process and requirements.

12. 'Other restrictions or features.' At the option of the declarant or association a description of other restrictions or features of the condominium.

NOTE: Par. (h) is created eff. 11-1-04 by 2003 Wis. Act 283.

(1m) PREPARATION OF EXECUTIVE SUMMARY. The executive summary under sub. (1) (h) shall be prepared, and subsequently revised whenever a change is made in the disclosure materials described in sub. (1) (a) to (g) that requires a revision of a statement in the summary, by the declarant or the association, whichever is in control of the condominium when the executive summary is prepared or revised.

NOTE: Sub. (1m) is created eff. 11-1-04 by 2003 Wis. Act 283.

(2) DISCLOSURE FORM. The materials required in sub. (1) shall be delivered to a prospective purchaser with cover sheet, index, and tables of contents as prescribed in this section. A cover sheet and index shall precede all other materials required in sub. (1). The executive summary required under sub. (1) (h) shall appear immediately following the index. A table of contents shall precede the section to which it applies.

NOTE: Sub. (2)(intro.) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(2) DISCLOSURE FORM. The materials required in sub. (1) shall be delivered to a prospective purchaser with cover sheet, index and tables of contents as prescribed in this section. A cover sheet and index shall precede all other materials required in sub. (1). A table of contents shall precede the section to which it applies.

(a) Cover sheet. A cover sheet shall be of the same approximate size and shape as the majority of the disclosure materials required in sub. (1) and shall bear the title "Disclosure Materials" and shall contain the name and location of the condominium, the name and business address of the declarant, and the name and business address of the declarant's agent or, if the seller is not the declarant, the name and address of the seller. Following this information, but separate from it, there shall appear on the front of the cover sheet 3 statements in boldface type, or capital letters no smaller than the largest type on the page, in the following wording:

1. THESE ARE THE LEGAL DOCUMENTS COVERING YOUR RIGHTS AND RESPONSIBILITIES AS A CONDOMINIUM OWNER. IF YOU DO NOT UNDERSTAND ANY PROVISIONS CONTAINED IN THEM, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.

2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY, WITH THE EXCEPTION OF THE EXECUTIVE SUMMARY, BE RELIED UPON AS CORRECT AND BINDING. FOR A COMPLETE UNDERSTANDING OF THE EXECUTIVE SUMMARY, CONSULT THE DISCLOSURE DOCUMENTS TO WHICH A PARTICULAR EXECUTIVE SUMMARY STATEMENT PERTAINS. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.

NOTE: Subd. 2. is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

2. THESE DISCLOSURE MATERIALS GIVEN TO YOU AS REQUIRED BY LAW MAY BE RELIED UPON AS CORRECT AND BINDING. ORAL STATEMENTS MAY NOT BE LEGALLY BINDING.

3. YOU MAY AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING RECEIPT OF THESE DOCUMENTS, OR FOL-

LOWING NOTICE OF ANY MATERIAL CHANGES IN THESE DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE. IF THE SELLER DELIVERS LESS THAN ALL OF THE DOCUMENTS REQUIRED, YOU MAY, WITHIN 5 BUSINESS DAYS FOLLOWING RECEIPT OF THE DOCUMENTS, DELIVER A REQUEST FOR ANY MISSING DOCUMENTS. IF YOU TIMELY DELIVER A REQUEST FOR MISSING DOCUMENTS, YOU MAY, AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING THE EARLIER OF EITHER THE RECEIPT OF THE REQUESTED DOCUMENTS OR THE SELLER'S DEADLINE TO DELIVER THE REQUESTED DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE.

NOTE: Subd. 3. is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

3. YOU MAY AT ANY TIME WITHIN 5 BUSINESS DAYS FOLLOWING RECEIPT OF THESE DOCUMENTS, OR FOLLOWING NOTICE OF ANY MATERIAL CHANGES IN THESE DOCUMENTS, CANCEL IN WRITING THE CONTRACT OF SALE AND RECEIVE A FULL REFUND OF ANY DEPOSITS MADE.

(b) Index. Following the material required in par. (a), there shall appear an index of the disclosure materials. An index may begin on the cover sheet, if space permits, and be continued on the first and subsequent pages immediately following the cover sheet or may begin on the first page immediately following the cover sheet and continue on subsequent pages. An index shall be in substantially the following form:

The disclosure materials the seller is required by law to provide to each prospective condominium purchaser contains the following documents and exhibits:

1c. Executive summary. The executive summary highlights for a buyer of a condominium unit essential information regarding the condominium. The executive summary begins on page

NOTE: Subd. 1c. is created eff. 11-1-04 by 2003 Wis. Act 283.

1m. Declaration. The declaration establishes and describes the condominium, the units and the common areas. The declaration begins on page

NOTE: Subd. 1m. is shown as renumbered from subd. 1. eff. 11-1-04 by 2003 Wis. Act 283.

2. Bylaws. The bylaws contain rules which govern the condominium and effect the rights and responsibilities of unit owners. The bylaws begin on page

3. Articles of incorporation. The operation of a condominium is governed by the association, of which each unit owner is a member. Powers, duties, and operation of an association are specified in its articles of incorporation. The articles of incorporation begin on page

4. Management or employment contracts. Certain services are provided to the condominium through contracts with individuals or private firms. These contracts begin on page

5. Annual operating budget. The association incurs expenses for the operation of the condominium which are assessed to the unit owners. The operating budget is an estimate of those charges which are in addition to mortgage and utility payments. The budget begins on page

6. Leases. Units in this condominium are sold subject to one or more leases of property or facilities which are not a part of the condominium. These leases begin on page

7. Expansion plans. The declarant has reserved the right to expand the condominium in the future. A description of the plans for expansion and its effect on unit owners begins on page

8. Floor plan and map. The seller has provided a floor plan of the unit being offered for sale and a map of the condominium which shows the location of the unit you are considering and all facilities and common areas which are part of the condominium. The floor plan and map begin on page

(c) Tables of contents and page numbers. In addition to an index required by par. (b), tables of contents for the declaration and bylaws shall be provided, identifying each section of these

documents and providing a page number for each section. Each section of disclosure material required in sub. (1) shall, on the first page of that material, identify contents of that section but, with the exception of the declaration and bylaws, is not required to have a table of contents. Each section of disclosure material shall be separately identified by a letter, tab, or number. Pages within each section shall be consecutively numbered with an indication of the section as part of the pagination.

NOTE: Par. (c) is shown as amended eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(c) *Tables of contents and page numbers.* In addition to an index required by par. (b), there shall be provided tables of contents for the declaration, bylaws and articles of incorporation which shall identify each section of these documents and provide a page number for each section. Each section of disclosure material required in sub. (1) shall, on the first page of that material, identify contents of that section but, with an exception of the declaration, bylaws and articles of incorporation, shall not be required to have a table of contents. Each page of disclosure materials shall contain a page number sufficient to identify it within the body of disclosure materials. Page numbers for the declaration, bylaws and articles of incorporation required in par. (b) shall be the first page of the table of contents for that section. All other page numbers required in the index shall refer to the first page of that section on which the title appears.

(cm) *Statements; building code violations.* Except with respect to a conversion condominium with 4 or fewer units, in addition to the other information required by this section, the declarant of a conversion condominium shall provide to each purchaser all of the following:

1. A statement by the declarant, based on a report prepared by an independent architect or engineer, describing the present condition of those structural components and mechanical and electrical installations that are material to the use and enjoyment of the building.

2. A statement by the declarant of the expected useful life of each item reported on in subd. 1. or a statement that no representations are made in that regard.

3. A list of any outstanding notices of uncured violations of building code or other municipal regulations, together with the estimated cost of curing those violations.

(d) *Additions or exclusions.* All materials required by this section shall be delivered to a prospective purchaser with disclosure materials required under sub. (1) except that articles of incorporation, leases and expansion plans of the index need not be included if they clearly do not apply.

(3) *CHANGE IN MATERIAL FOLLOWING DELIVERY TO PURCHASER.* Any material furnished under sub. (1) may not be changed or amended following delivery to a purchaser, if the change or amendment would affect materially the rights of the purchaser, without first obtaining approval of the purchaser. A copy of amendments shall be delivered promptly to the purchaser.

NOTE: Sub. (3) is renumbered sub. (3m) eff. 11-1-04 by 2003 Wis. Act 283.

(3c) *DELIVERY OF INCOMPLETE SET OF DISCLOSURE MATERIALS.* If the seller delivers disclosure materials that include the cover sheet required in sub. (2) (a), but that do not include all of the documents required under sub. (1), the purchaser may, within 5 business days from receipt of the disclosure materials, request any documents that were required to be delivered under sub. (1), but that were not timely delivered. If no executive summary required under subs. (1) (h) and (1m) has been prepared, the seller may so inform the purchaser when the seller delivers the disclosure materials to the seller. The seller has 5 business days following receipt of the purchaser's request to deliver the requested documents to the purchaser.

NOTE: Sub. (3c) is created eff. 11-1-04 by 2003 Wis. Act 283.

(3m) *CHANGE IN MATERIAL FOLLOWING DELIVERY TO PURCHASER.* Any material furnished under sub. (1) may not be changed or amended following delivery to a purchaser, if the change or amendment would affect materially the rights of the purchaser, without first obtaining approval of the purchaser. A copy of amendments shall be delivered promptly to the purchaser.

NOTE: Sub. (3m) is shown as renumbered from sub. (3) eff. 11-1-04 by 2003 Wis. Act 283.

(4) *PURCHASER'S RIGHT TO RESCIND CONTRACT OF SALE.* (a) Any purchaser may at any time within 5 business days following receipt of all of the documents required under sub. (1) and within

5 business days following receipt of all of the amendments required under sub. (3m), rescind in writing a contract of sale without stating any reason and without any liability on his or her part.

(b) If the disclosure materials delivered by the seller do not include all the documents required under sub. (1), the purchaser may rescind in writing a contract of sale without stating any reason and without any liability on his or her part as follows:

1. If the purchaser does not give notice requesting missing documents under sub. (3c), the purchaser may rescind within 5 business days following receipt of the incomplete disclosure materials.

2. If the purchaser gives notice requesting missing documents under sub. (3c), the purchaser may rescind within 5 business days following the earlier of receipt of the requested documents or the deadline, under sub. (3c), for the seller's delivery of the requested missing documents.

(c) A purchaser who timely rescinds under par. (a) or (b) is entitled to the return of any deposits made under the contract.

NOTE: Sub. (4) is shown as affected eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads:

(4) *PURCHASER'S RIGHT TO RESCIND CONTRACT OF SALE.* Any purchaser may at any time within 5 business days following receipt of all information required under sub. (1) and within 5 business days following receipt of all information required under sub. (3), rescind in writing a contract of sale without stating any reason and without any liability on his or her part, and the purchaser is entitled to the return of any deposits made in account of the contract.

(5) *UNTRUE STATEMENT OR OMISSION OF MATERIAL FACT.* Any seller who in disclosing information required under subs. (1) and (2) makes any untrue statement of material fact or omits to state a material fact necessary in order to make statements made not misleading shall be liable to any person purchasing a unit from him or her. However, no action may be maintained to enforce any liability created under this section unless brought within one year after facts constituting a cause of action are or should have been discovered.

(6) *WAIVER OF PURCHASER'S RIGHT.* Rights of purchasers under this section may not be waived in the contract of sale and any attempt to waive is void. However, if the purchaser proceeds to closing, the purchaser's right under this section to rescind is terminated.

(7) *SALE OF UNIT FOR NONRESIDENTIAL PURPOSES.* Requirements of this section do not apply to a sale of any unit which is primarily intended to be occupied and used for nonresidential purposes.

(8) *LOCATION OF CONDOMINIUM IMMATERIAL.* Requirements of this section shall apply to a sale of any unit offered for sale in this state without regard to the location of a condominium.

History: 1977 c. 407; 1985 a. 188; 2003 a. 283.

NOTE: 2003 Wis. Act 283, which affected this section, contains extensive explanatory notes.

Tips for Representing Condominium Sellers. Hagopian. Wis. Law. May 1993.

703.34 Blanket mortgages and other blanket liens affecting a unit at time of first conveyance. As a condition to the first transfer of title to each unit:

(1) Every mortgage and other lien affecting such unit, including the undivided interest in the common areas and facilities appurtenant to such unit, shall be paid and satisfied of record;

(2) A unit being transferred and an undivided interest in the common areas and facilities appurtenant thereto shall be released by partial release duly recorded; or

(3) A mortgage or other lien shall provide for or be amended to provide for a release of the unit and the undivided interest in the common areas and facilities appurtenant thereto from the lien of a mortgage or other lien upon the payment of a sum certain.

History: 1977 c. 407.

703.35 Termination of contracts and leases. If entered into before the officers elected by the unit owners under s. 703.10 take office, any management contract, employment contract, lease of recreational or parking areas or facilities, any contract or

703.35 CONDOMINIUMS

lease to which a declarant or any person affiliated with the declarant is a party and any contract or lease which is not bona fide or which was not commercially reasonable to unit owners when entered into under the circumstances then prevailing, may be terminated by the association or its executive board at any time without penalty upon not less than 90 days' notice to the other party thereto. This section does not apply to any lease the termination of which would terminate the condominium.

History: 1977 c. 407.

703.36 Provisions requiring employment of declarant or vendor to effect sale. Any provision of a declaration or other instrument made pursuant to this chapter which requires the owner of a unit to engage or employ the declarant or any subsidiary or affiliate of the declarant for the purpose of effecting a sale or lease of any unit is void. Any provision of any contract for a sale of any unit which requires a purchaser to engage or employ the vendor or any subsidiary or affiliate of the vendor for the purpose of effecting a sale or lease of any unit is void. This section applies to declarations, instruments and contracts made prior to and after August 1, 1978.

History: 1977 c. 407.

703.365 Small condominiums. (1) APPLICABILITY. (a) The declaration for a small condominium may provide that any or all of subs. (2) to (8) or any parts of those subsections apply to the small condominium.

(b) If a declaration under par. (a) provides that any or all of subs. (2) to (8) or any parts of those subsections apply, then, except as provided in those subsections or parts of those subsections, this chapter applies to the small condominium in the same manner and to the same extent as to other condominiums.

(2) **DECLARATION.** (a) The declaration for a small condominium need not contain those provisions otherwise required under s. 703.09 (1) (e) to (g) and (i).

(b) The undivided percentage interest in a small condominium is allocated equally among the units.

(c) Each unit in a small condominium has one vote at meetings of the association.

(d) Commercial activity is permitted in a small condominium that consists solely of units restricted to residential uses only to the extent that commercial activity is permitted in residences in a zoning ordinance adopted under s. 59.69, 60.61, 61.35, or 62.23.

(e) All actions taken under this chapter that require a vote of units or unit owners must be approved by an affirmative vote or written consent of at least 75% of the unit votes of a small condominium, or a greater percentage if required by the declaration or this chapter.

(3) **BYLAWS.** (a) Notwithstanding s. 703.10 (2) (a), all aspects of the management, operation, and duties of the association of a small condominium shall be delegated to the board of directors, which may retain a manager, including a master association under s. 703.155, for the small condominium, and the bylaws shall so specify.

(b) Under s. 703.10 (2) (c), notice of meetings shall be given in a manner best calculated to assure that actual notice is received by the owners of all units of a small condominium, and the bylaws shall so specify.

(c) Section 703.10 (2) (d) does not apply to a small condominium. The board of directors shall be composed of one representative from each unit, chosen by and from among the unit owners of that unit.

(d) All actions taken by the board of directors of a small condominium under this chapter must be approved by an affirmative vote or written consent of at least 75% of the board.

(e) Section 703.10 (4) does not apply to a small condominium.

(3m) **AGREEMENT IN LIEU OF BYLAWS.** If approved by written consent of all of the unit votes of a small condominium, an agreement may be substituted for the bylaws under sub. (3). The terms of the agreement shall include the requirements of sub. (3) (a) to

(d) and shall be consistent with this section. An amendment to an agreement may be made with the affirmative vote or written consent of all the unit votes of the small condominium.

(4) **CONDOMINIUM FLAT.** (a) The survey under s. 703.11 (2) (b) shall be an as-built survey of the property described in the declaration, building, and other improvements on the land that are part of the small condominium.

(b) The floor plans under s. 703.11 (2) (c) need only show the location and designation of each unit in the building and the limited common elements appurtenant to each unit of a small condominium. These plans may be supplemented by an agreement among all unit owners and mortgagees regarding the allocation of use and enjoyment of common elements, which agreement, in both its original and any amended form, shall be recorded.

(5) **ASSOCIATION.** (a) Under s. 703.15 (2), an association shall exist immediately upon establishment of a small condominium and the declarant shall have rights in the association only as an owner of a unit or units.

(b) Directors of a small condominium shall be chosen in accordance with sub. (3) (c). The board of directors shall meet at least quarterly.

(c) Unless included in the bylaws, s. 703.15 (4) (b) to (d) does not apply to a small condominium.

(6) **EXPENSES; MAINTENANCE; OPERATION.** (a) Paragraphs (b) to (e) apply to a small condominium if any of the following criteria is met:

1. A proposed expenditure or action for the repair, maintenance or upkeep of the property, or for the operation of the property, is not approved by the board of directors and any unit owner believes the expenditure or action is necessary for the safety and proper use of the property or of the owner's unit.

2. An expenditure or action is approved by the board of directors and any unit owner believes the expenditure or action is contrary to the safety and proper use of the property or the owner's unit.

(b) The unit owner or owners challenging a decision of the board of directors described under par. (a) 1. or 2. shall give written notice of the objection to all unit owners and mortgagees within 45 days after the decision but before any action is taken or expenditure is made. Upon receipt of this notice, the board of directors shall reconsider its decision and either affirm, reverse or modify the decision.

(c) The unit owner or owners may challenge the decision after reconsideration by the board of directors under par. (b) only in an arbitration proceeding under ch. 788. Acceptance of a conveyance of a small condominium that is subject to pars. (b) to (e) is deemed to constitute an agreement by the unit owner to submit challenges to decisions of the board of directors to arbitration.

(d) The board of directors, upon submission of the matter to arbitration as provided in par. (c), shall name a proposed arbitrator. The unit owner or owners may accept the proposed arbitrator or propose a different arbitrator. If there is no agreement on a single arbitrator, the 2 arbitrators shall select a 3rd person and the 3 shall serve as an arbitration panel chaired by the 3rd person. The expense of the arbitration shall be shared equally by the association and the unit owner or owners challenging the decision of the board of directors.

(e) The arbitration award by the arbitration panel under par. (d) shall permit or prohibit the decision and the decision shall not be implemented, if it is an affirmative action, until the award is final unless there is a bona fide emergency requiring it.

(7) **EXPANDING CONDOMINIUMS.** Section 703.26 does not apply to a small condominium.

(8) **DISCLOSURE REQUIREMENTS.** The disclosure required for a small condominium under s. 703.33 is limited to the disclosure required under s. 703.33 (1) (a) to (e), if applicable, and a copy of the condominium plat.

NOTE: Section 703.365 is shown as affected eff. 11-1-04 by 2003 Wis. Act 283. Prior to 11-1-04 it reads: