



HOME OWNERS ASSOCIATION, INC.

BYLAWS

Revised May, 2001

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ARTICLE I

NAME AND ADDRESS

1.01. Name and Purpose. The name of the corporation shall be High Point Estates Home Owners Association, Inc. (the "Association"). The Association is incorporated as a nonprofit corporation under chapter 181, Wisconsin Statutes.

1.02. Mailing Address. The mailing address of the Association shall be:

High Point Estates Home Owners Association
P. O. Box 44094
Madison, WI 53744-4094

1.03. Binding Effect. These bylaws (the "Bylaws") shall be binding upon the Owners, their heirs, successors and assigns, and shall govern the use, occupancy, operation and administration of the Subdivision.

1.04. Capitalized Terms. Capitalized terms not defined in these Bylaws shall have the definitions given to such terms in the Declaration of Protective Covenants dated August 19, 1988, executed by Welton Enterprises, Inc. (the "Developer") and recorded with the Dane County Register of Deeds as Document No. 2099688 (the "Declaration").

ARTICLE II

MEMBERSHIP

2.01. Membership. The membership of the Association shall be as set forth in Section 6.01 of the Declaration.

2.02. Commencement and Termination. Membership shall immediately commence upon acquisition of an ownership interest in a Lot and shall immediately terminate upon conveyance of such ownership interest. If an Owner's ownership interest passes to its personal representative or to a trustee upon the Owner's death, such personal representative or trustee shall be a member of the Association.

2.03. Withdrawal or Expulsion. No Owner may voluntarily withdraw or be expelled from membership in the Association.

2.04. Membership Certificates. Membership certificates shall not be issued.

2.05. Membership List. The Association shall maintain a current membership list showing the membership pertaining to each Lot, the address to which notice of meetings of the Association shall be sent, and, in the case of multiple Owners of a Lot, the person or persons designated to cast the votes pertaining to such Lot. Only the person so designated shall be entitled to cast votes in person or by proxy. A voting designation may be limited in time or may be changed by notice in writing to the Secretary of the Association signed by the persons having a majority Ownership interest in the Lot.

2.06. Transfer of Membership. Each membership shall be appurtenant to the Lot upon which it is based and shall be transferred automatically upon conveyance with the transfer of a Lot. Upon transfer of a Lot, the Association shall, as soon as possible thereafter, be given written notice of such transfer, including the name and address of the new Owner, identification of Lot, date of transfer, and the name of the person or persons designated to vote, and the Association shall make appropriate changes to the membership list described in section 2.05 effective as of the date of transfer. No Lot Owner may vote at meetings of the Association until the foregoing information is provided.

2.07. Effect of Maintenance Lien. No Lot Owner may vote on any matter submitted to a vote of the Lot Owners if the Association has recorded a statement of lien against the Lot as provided in section 779.70, Wisconsin Statutes, and the amount necessary to release the lien has not been paid at the time of the voting.

2.08. Quorum. A majority of the combined votes of the members (as described in Article VI of the Declaration) entitled to be cast, present in person or represented by proxy, shall constitute a quorum at all meetings of the Owners for the transaction of business.

2.09. Vote Required to Transact Business. When a quorum is present in person or represented by proxy at any meeting, a majority of the votes entitled to be cast shall decide any question brought before the meeting

Declaration, Articles of Incorporation, Wisconsin Nonstock Corporation Law or these Bylaws, in which case such express provision shall apply.

2.10. Proxies. All proxies shall be in writing, signed by the Owner giving such proxy, and shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven months from its date of execution.

ARTICLE III

MEETINGS OF MEMBERS

3.01. Place. All meetings of the Owners shall be held at a place in Dane County, Wisconsin, which shall be stated in the notice of the meeting.

3.02. Annual Meeting. An annual meeting of the Owners shall be held in November of each year.

3.03. Special Meetings. Special meetings of the Owners may be called at any time by the President of the Association and shall be called by the President or Secretary upon written request of Owners holding at least twenty-five percent (25%) of the votes. Business transacted at special meetings shall be limited to the objects stated in the notice of such meeting.

3.04. Notice of Meetings. No annual or special meeting of the Owners may be held except upon at least ten days written notice delivered or mailed by the Secretary to each Owner at the address shown on the Association's current roster. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Prior notice of a meeting is not required if all Owners sign waivers of notice of such meeting.

3.05. Adjourned Meetings. If a quorum shall not be present in person or represented by proxy at any meeting, the Owners present shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the meeting originally called.

3.06. Duties of Directors at Meetings. The President shall preside at all meetings of the Owners, and in his or her absence, the Vice President shall preside. The Secretary shall take the minutes of the meeting and keep such minutes in the Association's minute book. Votes at all meetings shall be counted by the Secretary.

3.07. Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (a) Calling the meeting to order.
- (b) Calling the roll of Owners and certifying the proxies.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and disposing of any unapproved minutes.
- (e) Reports of the Directors.
- (f) Reports of committees (if appropriate).
- (g) Election of Directors (if appropriate).
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

3.08. Action Without a Meeting. Any action required or permitted by any provision of the Wisconsin Nonstock Corporation Law, the Declaration, the Articles of Incorporation or these Bylaws to be taken by the vote of the Owners may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all Owners who would have been entitled to vote upon the action at such meeting.

ARTICLE IV

BOARD OF DIRECTORS

4.01. Number and Membership in Association. The affairs of the Association shall be managed by a Board of Directors. The Directors of the Association shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Owners.

4.02. Term of Office. Each Director shall take office in January and shall serve for a term of one year or until his or her successor shall be elected.

4.03. Election of Directors. One month prior to each annual meeting of the Owners, the Secretary of the Association shall mail all Owners

a notice setting a deadline for nomination for the Board of Directors. All nominations shall be mailed or telephoned to the President or Secretary on or before the tenth (10th) day prior to the annual meeting. The Owners must obtain the prior consent of any person they nominate and may nominate themselves. If the number of nominees equals the number of Directors to be elected, the nominees shall automatically become the new Directors. If the number of nominees is less than the number of Directors to be elected, the President shall solicit further nominees by telephone. If the number of nominees exceeds the number of Directors to be elected, the Secretary shall conduct an election at the annual meeting by written ballot. Each Owner, or its proxy, shall be entitled to cast one vote per Lot owned for each Director on the Board of Directors. The person receiving the largest number of votes shall be elected and shall take office in January.

4.04. Vacancy and Replacement. If the office of any Director becomes vacant because of death, resignation, disqualification or removal from office, the remaining Directors shall choose a successor who shall hold office for the remainder of the term.

4.05. Removal. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the Owners.

4.06. Compensation. No Director shall receive any compensation for his or her services as Director of the Association other than reimbursement for out-of-pocket expenses incurred in the performance of Directors' duties. Directors shall be exempt from paying the annual Association dues.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

5.01. Regular Meetings. Regular meetings of the Board of Directors shall be held without notice following the annual meeting of the members of the Association at such place as the Board of Directors decides to hold the meetings.

5.02. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President and shall be called by the President and Secretary at the request of any Director on the Board of Directors.

Business transacted at all special meetings shall be limited to the objects stated in the notice of such meeting.

5.03. Notice of Special Meetings. No special meeting of the Board of Directors may be held except upon at least three (3) days' prior written notice delivered or mailed by the Secretary to each member of the Board of Directors. Such notice shall specify the place, day and hour of the meeting of the Board of Directors and the purpose of the meeting. Attendance by any Director at any meeting of the Board of Directors shall be deemed a waiver of such notice.

5.04. Quorum. A majority of the Board shall constitute a quorum for the transaction of business. Except as otherwise expressly provided in the Wisconsin Nonstock Corporation Law, the Declaration, the Articles of Incorporation or these Bylaws, every act of a majority present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum is not present at the meeting, the Directors then present may adjourn the meeting until such time as a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting originally called.

5.05. Order of Business. The order of business at all meetings of the Board of Directors shall be as follows:

- (a) Calling the meeting to order.
- (b) Calling the roll of Directors.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and disposal of any unapproved minutes.
- (e) Reports of Directors.
- (f) Reports of committees (if appropriate).
- (g) Election of Directors (if appropriate).
- (h) Unfinished business.
- (i) New Business.
- (j) Adjournment.

5.06. Action Without a Meeting. Any action required or permitted by the Articles of Incorporation or these Bylaws to be taken by the Board of Directors may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all Directors then in office.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.01. Powers and Duties. All of the powers and duties of the Association under the Declaration, the Articles of Incorporation, these Bylaws and the Wisconsin Nonstock Corporation law shall be exercised by the Board of Directors except those powers and duties specifically given to or required of the Owners. The powers and duties of the Board of Directors include, without limitation, the power or duty to:

- (a) Adopt budgets for revenues, expenditures and reserves.
- (b) Levy and collect General Assessments and Special Assessments against Owners and disburse funds in payment of the Association's expenses.
- (c) Manage, maintain, repair, replace, improve, operate and regulate the Common Areas.
- (d) Grant easements through or over the Common Areas.
- (e) Hire and supervise any manager, managing agent, agent, employee, attorney, accountant or any other independent contractor whose services the Board of Directors determines are necessary or appropriate.
- (f) Sue on behalf of all Owners.
- (g) Make contracts and incur liabilities.
- (h) Purchase, take, receive, rent or otherwise acquire and hold any interest in real or personal property, including any Lot.
- (i) Sell, convey, mortgage, encumber, lease, exchange, transfer or otherwise dispose of any interest in real or personal property, including any Lot; provided the Board of Directors shall not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas without prior written approval of two-thirds (2/3) of the Owners.
- (j) Receive any income derived from payments, fees or charges for the use, rental or operation of the Common Areas.
- (k) Adopt and amend rules and regulations governing the operation, maintenance and use of any portion of the Subdivision and the personal conduct of any person upon or with regard to the Subdivision, including the imposition of charges for the use of the Common Areas and penalties for infractions of the rules and regulations of the Association. Such rules and regulations may also be adopted, amended and repealed by the Owners having sixty-seven percent (67%) or more of the votes of the Association. Rules and regulations which are adopted, amended or repealed by the Owners may not thereafter be amended, repealed or readopted by the Board of Directors.

(l) Insure the Association and its Directors against public liability and purchase such other insurance as the Board of Directors may deem advisable.

(m) Keep all of the books and records and prepare accurate reports of all transactions of the Association.

(n) Appoint committees to carry out any tasks which the Board of Directors deem necessary or appropriate.

(o) Designate depositories and establish accounts for the funds of the Association and determine which Directors or agents shall be authorized to withdraw and transfer funds deposited in such accounts.

(p) Delegate any or part of the powers and duties of the Board of Directors to a manager or managing agent.

6.02. Manager. The Board of Directors may hire a manager or managing agent at a compensation rate established by the Board to perform such duties and services as the Board shall authorize, including, without limitation, the duties enumerated in Section 6.01.

6.03. Resignation. Any Director may at any time resign by giving written notice to the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to its effectiveness.

6.04. Duties. Unless otherwise indicated by the Board of Directors or delegated to a manager or managing agent pursuant to Article VI, the duties of the Directors are as follows:

(a) President. The President shall preside at all meetings of the members of the Association and of the Board of Directors; oversee the implementation of the Board's orders and resolutions; sign all leases, mortgages, deeds, contracts, checks, promissory notes and other written instruments on behalf of the Association; generally manage the business of the Association; and supervise and direct all other Directors of the Association.

(b) Vice President. The Vice President shall act in the place of the President in the event of the President's absence, inability or refusal to act and exercise and discharge such other duties as may be required by the Board of Directors.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Owners; serve notices of the meetings of the Board of Directors and Owners; keep all books and records of the Association other than books of account, including all Owners' names and addresses; and perform such other duties incident to the office of Secretary as may be required by the Board of Directors.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the President or by the Board of Directors; keep complete and accurate books of account; prepare the annual report of the business transacted by the Association each year; and prepare a proposed annual operating budget each year for consideration of the Board of Directors or Owners.

6.05. Fidelity Bonds. The Board of Directors may require that any Directors, agent or employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Association.

ARTICLE VII

BOOKS AND RECORDS

7.01. Inspection. The books, records, minutes and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Owner. The Covenants and Bylaws of the Association shall be available for inspection by contacting the Secretary. Copies may be purchased at a reasonable cost.

7.02. Current Roster. Each Owner shall promptly notify the Secretary upon acquisition of an ownership interest in any Lot, together with its current mailing address, and shall promptly notify the Secretary of any change in its name or address and shall notify the Secretary of any transfer of its ownership interest. The Secretary shall maintain the current roster of the Association.

ARTICLE VIII

BUDGET, ASSESSMENTS AND ANNUAL REPORT

8.01. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December.

8.02. Budget. The Board of Directors shall adopt a projected annual operating budget for the Association at or prior to the annual meeting of the Board of Directors. The budget shall be effective for the period beginning January 1 of the year for which it is adopted through December 31 of the same year.

8.03. Levying and Payment of General Assessments. Based on the projected annual operating budget, the Board of Directors shall levy general annual charges and special charges against the Lots as provided in Section 9.01 of the Declaration. On or before the last day of January of each year, the Treasurer shall mail a copy of the projected annual operating budget and a statement of assessment for the year to each Owner. General charges shall be payable to the Association in a single installment on or before March 31 of each year. The failure of the Treasurer to mail or deliver said copy and statement prior to the last day of January shall not affect the validity of such assessment, but shall delay the date on which the charges set forth therein are due by the number of days elapsed from January 31 to the date such copy and statement are mailed or delivered. Such installments shall be mailed or delivered to the Association's address and shall be deemed paid on the date of mailing.

ARTICLE IX

LIABILITY AND INDEMNITY

9.01. Liability of Directors. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by such person as a Director of the Association, in good faith, if such person (a) exercised and used the same degree of care and skill as a prudent person would have exercised or used under the circumstances in the conduct of his or her own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Association or upon statements made or information furnished by Directors or employees of

the Association which such person had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which such person may be entitled as a matter of law.

9.02. Indemnity of Directors. Every person who is or was a Director of the Association shall (together with the heirs, executors and administrators of such person) be indemnified by the Association against all costs, damages and expenses asserted against, incurred by or imposed upon such person in connection with or resulting from any claim, action, suit or proceeding, including criminal proceedings, to which such person is made or threatened to be made a party by reason of such person being or having been such Director except in relation to matters as to which a recovery shall be had against such person by reason of his having been finally adjudged in such action, suit or proceeding, to have been guilty of fraud in the performance of his or her duty as such Director. This indemnity shall include reimbursement of amounts and expenses incurred and paid in settling any such claim, action, suit or proceeding. In the case of a criminal action, suit or proceeding, a conviction or judgment (whether based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not be deemed an adjudication that such Director is guilty of fraud in the performance of his or her duties, if such Director was acting in good faith in what such person considered to be the best interest of the Association and with no reasonable cause to believe that the action was illegal. The Association, by its Board of Directors, may indemnify in like manner, or with any limitation, any employee or former employee of the Association with respect to any action taken or not taken in his or her capacity as such employee.

ARTICLE X

GENERAL PROVISIONS

10.01. Seal. The Association shall have no corporate seal.

10.02. Report of Owner Defaults. At the request of any prospective Lot purchaser, the Treasurer shall within three business days of such request report to such person the amount of any due and unpaid assessments against the Lot being purchased.

10.03. Interpretation. These Bylaws are subject to all provisions of the Declaration, the Articles of Incorporation and the Wisconsin Nonstock Corporation Law, which shall control in the case of any conflict. In the event any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Any invalid provisions or portion thereof shall be interpreted as having been amended to comply with the provisions of the Wisconsin Nonstock Corporation Law in effect on the date of the adoption of these Articles. Nothing in these Bylaws shall be deemed or construed to authorize the Association to conduct or engage in any active business for profit on behalf of any or all of the Owners.

ARTICLE XI

AMENDMENT

These Bylaws may be amended with the assent of two thirds (67%) of the Lot owners present at a properly noticed meeting of the Association either in person or by proxy. In ascertaining the number of Owners assenting to any such amendment, persons including any business organization, having the power to convey fee simple title in a given lot shall constitute a unit having a single vote. Owners of multiple lots shall be granted one vote for each lot.