

SRE MASTER ASSOCIATION, LTD.

BYLAWS

**BYLAWS
OF
SRE MASTER ASSOCIATION, LTD**

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**BYLAWS
OF
SRE MASTER ASSOCIATION, LTD.**

ARTICLE I

Name and Purpose

Pursuant to the Articles of Incorporation of SRE Master Association, Ltd., the following are adopted as the Bylaws of SRE Master Association, Ltd. (hereinafter sometimes referred to as the "Association"), which is a non-profit corporation formed and organized to serve as an Association of Unit Owners who own real estate and improvements (hereinafter the "Property") under the condominium form of ownership, as provided in the Unit Ownership Act under the laws of the State of Wisconsin and subject to the terms and conditions of the Declarations recorded in the Office of the Register of Deeds for Columbia County (Wisconsin) creating Saddle Ridge Estates ("SRE") and Saddle Ridge Estates II Condominium ("SREII").

These Bylaws shall be deemed covenants running with the land and shall be binding on the unit owners, their heirs, administrators, personal representatives, successors and assigns.

ARTICLE II

Members, Voting and Meetings

2.1 Members. All owners of units in Saddle Ridge Estates and Saddle Ridge Estates II Condominium are members of and subject to the bylaws and rules of the Association.

2.2 Management. The affairs of the Association shall be managed by its Board of Directors which may refer specific matters to the members for determination or for advisory vote as the Board deems appropriate.

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

2.4 Time, Place, Notice and Calling of Members' Meetings. Written notice of all meetings stating the time and place and the purposes for which the meeting is called shall be given by the President or Secretary, unless waived in writing, to each member at his address as it appears on the books of the Association and shall be mailed or personally delivered not less than five (5) days nor more than sixty (60) days prior to the date of the meeting. Notice of meetings may be waived before or after meetings. Meetings shall be held at such time and place as may be designated by the Board of Directors.

ARTICLE III

Board of Directors

3.1 Number and Qualification of Directors. The initial Board of Directors shall consist of nine (9) persons. Each member of the Board of Directors shall be a member of the Board of Directors of the association of a component condominium.

3.2 Powers and Duties of the Board of Directors. The affairs of the Association shall be governed by the Board of Directors. All powers and duties as shall be necessary for the administration of the affairs of the Association shall be exercised by the Board of Directors; provided, Declarant must approve the exercise of any of the powers listed in subsecs. 703.15(3)(b)2-5,7, Wis. Stats., affecting SREII so long as Declarant is actively developing SREII. Such powers and duties shall be exercised in accordance with the provisions of the Declaration, the Articles of Incorporation and these Bylaws.

3.3 Election and Term of Directors. The Board of Directors of Saddle Ridge Estates Association, Ltd. shall elect seven (7) members of the Board of Directors. The Board of Directors of Saddle Ridge Estates II Association will elect two (2) directors. The number of directors elected by Saddle Ridge Estates Association, Ltd. shall remain constant. The number of directors elected by SREII shall remain constant until the ratio of units declared in Saddle Ridge Estates II to the number of units in Saddle Ridge Estates (137) exceeds the ratio of directors elected by Saddle Ridge Estates II Association to those elected by Saddle Ridge Estates Association, Ltd. The number of directors shall then be increased by one and the new director shall be elected by Saddle Ridge Estates II Association. Each subsequent time the ratio increases, this same process shall be repeated. Each time one director shall be added and that director shall be elected by SREII.

For the purpose of determining units under this Section 3.3, if SREII contains any communal living facilities, one or more of the buildings of which constitutes one condominium unit within SREII, that building shall be treated as containing one unit for each two bedrooms in the building for the purpose of electing directors.

3.4 Vacancies on Board. Vacancies on the Board of Directors shall be filled by the association which elected the departed director and each person so elected shall be a director until a successor is elected as provided in Section 3.3.

3.5 Removal of Directors. The electing association may remove and replace any director elected by it.

3.6 Regular Meetings and Notice. A regular annual meeting of the Board of Directors shall be held the third Tuesday in September at a time and public place as the Board determines.

3.7 Special Meetings and Notice. Special meetings of the Board of Directors may be called by the President or by two (2) directors on three (3) days prior written notice to each director, given personally or by mail, which notice shall state the time, place and purpose of the meeting.

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

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

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

ARTICLE IV

Officers

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

4.2 President. The President shall be selected from among the members of the Board of Directors and shall be the chief executive officer of the Association. He shall preside at all

meetings of the Association and of the Board of Directors, and shall count votes at meetings of the Association. He shall have all the general powers and duties which are usually vested in the office of President including, but not limited to, the power to sign, together with any other officer designated by the Board, any contracts, checks drafts or other instruments on behalf of the Association in accordance with the provisions herein. The President shall perform such duties and have such authority as are delegated by the Board of Directors.

4.3 Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If both the President and the Vice-President are unable to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

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

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

4.6 Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Association, if such person (a) exercised and used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his 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 officers or employees of the Association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.

4.7 Compensation. No director or officer of the corporation shall receive any fee or other compensation for services rendered to the Association except by specific resolution of the membership.

ARTICLE V

Operation of the Property

5.1 The Association. The Association, acting through the Board of Directors, shall be responsible for administration and operation of the property of SRE and SREII in accordance with the Declarations of the two condominiums, the Articles of Incorporation, and these Bylaws

and the Rules and Regulations. The Association may contract for management services and a managing agent with respect to its administration and operation.

5.2 Rules and Regulations. The Association, through the Board of Directors, shall from time to time adopt Rules and Regulations governing the operation, maintenance and use of the units and the common elements by the unit owners and occupants. Such Rules and Regulations of the Association shall not be inconsistent with the terms of the Declarations or the contracts, documents, and easements referred to in the Declarations and shall be designed to prevent unreasonable interference with the use of the respective units and the common elements by persons entitled thereto. The Rules and Regulations shall also be designed to prohibit use of properties and facilities owned by Declarant, such as Declarant's golf course, except upon payment of such fees and compliance with such rules as may be imposed by Declarant. The Association members, their lessees or guests, and any occupants of the units shall conform to and abide by all such Rules and Regulations. A violation of any such Rules or Regulations shall constitute a violation of the Declarations. The Association through its Board of Directors shall designate such means of enforcement thereof as it deems necessary and appropriate. The Rules and Regulations may be altered and amended or repealed by the Board of Directors. No Rule which Declarant reasonably believes has an adverse impact on his development activities in SREII may be adopted or enforced without Declarant's consent so long as Declarant is actively developing SREII.

5.3 Common Expenses. The Board of Directors shall determine the common expenses of the Association, and shall prepare an annual operating budget for the Association in order to determine the amount of the common charges payable by each unit to meet the estimated common expenses of the Association for the ensuing year. The amounts required by such budget shall be assessed and charged against the units and allocated among the members of the Association according to their respective percentages of ownership in the common elements of the condominiums as set forth in the declarations; provided, that each new unit constructed after June 1, 2000, in SRE and each unit in SREII shall have their regular assessments discounted by thirty-two percent (32%) for the first eighty-four (84) months that unit is subject to assessment.

During the time this discount is in effect, the budget and assessments shall be calculated on an annual basis. Units added to SRE or SREII during the accounting year will, in effect, produce surplus fees during the first year they are a part of the Master Association, but that surplus will be disregarded as not material. Examples of the calculation of the discounted assessment are:

Year A:	Budget \$120,000
	116 SRE units @ 100% or 116.00x
	4 SRE units @ 68% or 2.72x
	6 SREII units @ 68% or <u>4.08x</u>
	Total full equivalent units 122.8
	\$120,000 divided by 122.8, x equals \$977.20 or \$81.44/month
	Fully assessed units would pay \$81.44 a month; discounted units \$55.38 a month

If 10 more units are added during the fiscal year, the "surplus" would be \$55.38 per month for the number of months they are assessed

Year B: Budget \$125,000
116 SRE units @ 100% 116.00x
20 SRE/SREII units at 68% 13.60x
Total FEU 129.6
\$125,000 divided by 129.6, x equals \$964.51 or \$80.38/month
Fully assessed units \$80.38/month, discounted \$54.66

The Association shall not levy any special assessments against units constructed in SRE after June 1, 2000 or against any unit in SRE II which would have the effect of negating the described discount available to those units, nor shall the Association make any assessment against such units for road improvements required of SRE under the stipulation dated March 21, 1996 and approved by the court by an order dated April 2, 1996 in a lawsuit identified as 95CV124 in the Circuit Court for Columbia County, Wisconsin.

The common charges shall be assessed on an annual basis and shall be prorated and paid monthly. If not paid on or before the due date, the charges shall bear interest at the rate of twelve percent (12%) per annum until paid in full. If delinquent for more than thirty (30) days, the Association may accelerate the annual common charges remaining unpaid with respect to such delinquent unit for purposes of collection or foreclosure action by the Association. In the event the annual budget and assessments are not determined prior to the beginning of a fiscal year of the Association, the assessment for the prior year shall remain in effect until revised by the Board of Directors.

5.4 Operating Budget. The annual operating budget shall provide for two funds, one of which shall be designated the "operating fund" and the other the "reserve fund." The operating fund shall be used for all common expenses which occur with at least annual frequency, such as amounts required for the cost of maintenance of the common elements, management services, insurance common services, administration, materials and supplies. The reserve fund shall be used for contingencies and periodic expenses such as painting or renovation. In the event the Association incurs extraordinary expenditures not originally included in the annual budget, then such sums as may be required in addition to the operating fund shall be first charged against the reserve fund. In the event that both funds prove inadequate to meet the necessary common expenses, or at the discretion of the Board of Directors, the directors may levy further assessments against the unit owners.

The reserve fund may also be used to discharge construction liens or other encumbrances levied against the entire property, or against each unit, if resulting from action by the Association. The unit owner or owners responsible for any lien which is paid by the Association but not the obligation of the Association shall be specially assessed for the full amount thereof. The directors may also use the reserve fund for the maintenance and repair of any unit if such maintenance and repair, although the obligation of the unit owner, is necessary to protect the common elements. The full amount of the cost of any such maintenance or repair shall be specially assessed to the unit owner responsible therefor.

The annual budget shall be prepared and determined by September 1st of each calendar year. The Board of Directors shall advise all members of the Association in writing of the amount of common charges payable on behalf of each unit by the date of the annual members' meeting and shall furnish copies of the budget on which such common charges are based to each member.

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

5.5 Default. If a member of the Association is in default in payment of any charges or assessments for a period of more than thirty (30) days, the Board of Directors, in the name of the Association, may bring suit for and on behalf of the Association, as representative of all members, to enforce collection of such delinquencies or to file or foreclose the lien therefor, as provided by law, and there shall be added to the amount due the costs of collection and interest, together with attorney fees. The owners of a unit against which a lien has been filed shall not be entitled to vote at Association meetings until the lien has been paid in full.

ARTICLE VI

Repairs and Maintenance

6.1 Individual Units. Each unit owner shall be responsible for keeping the interior of his unit and all of its equipment, fixtures and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall be responsible for such maintenance and repair with respect to his unit and certain of its appurtenant limited common elements as is more fully set forth hereinafter.

6.2 Common Elements. The Association shall be responsible for the management and control of the common elements and shall cause the same to be maintained, repaired and kept in good, clean, attractive and sanitary condition, order, and repair, except to the extent individual unit owners are responsible therefor as provided hereinafter with respect to certain limited common elements. Without in any way limiting the foregoing, the Association shall be responsible, at Association expense (unless necessitated by the negligence or misuse of a unit owner, in which case such expense shall be charged and specially assessed to such unit owner),

for accomplishment of the following specific items of maintenance and repair with respect to the common elements:

- All painting, repairing, restoration, maintenance, and decorating of building exteriors and roofs, including garages, but not including doors, windows and screens or screened-in areas
- General repair, maintenance, repair or replacement of exterior fixtures including gutters, downspouts and mail boxes
- Landscaping, tree pruning, grass cutting, edging and trimming, except with respect to limited common areas
- Fertilizing, water, and weed control as required
- Repair, replacement or restoration of roads, drives, sidewalks, driveways, and retaining walls
- Repair and maintenance of exterior lights and associated equipment
- Snow removal and salting of roads and drives
- Maintenance, repair and restoration as necessary of sanitary sewer system
- Provision, maintenance and storage of equipment and materials required to accomplish the foregoing.

6.3 Limited Common Elements. Each unit owner, at his sole expense, shall be responsible for keeping the limited common elements appurtenant to his unit as defined in the Declarations and interior of his unit and all of its equipment, fixtures and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall be responsible for any repair, maintenance, decorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the interior of his unit and the limited common elements appurtenant to his unit. Without in any way limiting the foregoing, in addition to decorating and keeping the interior of the unit in good repair, each unit owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, furnaces, doors and windows (including replacement of broken glass), screens and screening, lighting fixtures, refrigerators, ranges, heating and air-conditioning equipment (including compressor), dishwashers, disposals, laundry equipment such as washers and dryers, garage door openers, interior electrical wiring and fixtures, door bells, or other equipment which may be in, or connect with, the unit or the limited common elements appurtenant to the unit. Each unit owner shall be responsible for snow and ice removal from the sidewalk constituting a part of the limited common elements appurtenant to his unit.

6.4 Association Services. The Association may provide any service or maintenance requested by a unit owner or owners with respect to individual units or limited common elements

that the Association is able and willing to provide or perform, and shall specially assess such requesting owner or owners therefor.

ARTICLE VII

Duties and Obligations of Unit Owners

7.1 Rules and Regulations. The units and the common elements (hereinafter in this paragraph sometimes collectively referred to as "commons") shall be occupied and used in accordance with the Declarations, the Articles of incorporation, these Bylaws, and the Rules and Regulations of the Association, including the following:

(a) **Use.** No unit owner shall occupy or use his unit or the limited 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 the owner, the owner's family, or the owner's lessees or guests, or as permitted in a declaration.

(b) **Obstructions.** There shall be no obstruction of the common elements.

(c) **Increase of Insurance Rates.** Nothing shall be done or kept in any unit or in the commons which will increase the rate of insurance on the commons, without the prior consent of the Association. No unit owner shall permit anything to be done or kept in his unit or in the commons which will result in the cancellation of insurance on any unit or any part of the commons, or which would be in violation of any law or ordinance. No waste will be committed in the commons.

(d) **Signs.** No sign of any kind shall be displayed to the public view on or from any unit or the commons without the prior consent of the Association.

(e) **Animals.** No animals, livestock or poultry of any kind shall be raised, bred, or kept in any unit or in the commons, except that dogs, cats or other household pets may be kept in units, subject to the rules and regulations which may be adopted by the Association regarding the same.

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

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

(h) **Conflict.** The above rules and regulations, and those which may be hereafter adopted by the Association, are in addition to the declarations and the documents, contracts, declarations, and easements set forth in the declarations and in the event of a conflict, the declarations and contracts, and easements set forth and referenced therein shall govern. No

rules may be adopted or enforced which unreasonably restrict development, construction or sales activities by Declarant.

7.2 Maintenance and Repair of Units. Every unit owner must perform properly or cause to be performed all maintenance and repair work within his own unit which if omitted would affect the project in its entirety or in a portion belonging to other owners, and such owner shall be personally liable to the Association or to adjoining unit owners, as the case may be, for any damages caused by his failure to do so.

7.3 Limited Common Elements. Every unit owner must maintain the limited common elements appurtenant to his unit in clean and proper condition in accordance with the provisions of these Bylaws. No objects or structures, other than movable furniture or decorative pieces, shall be placed thereon without the prior written consent of the Board of Directors of the Association. Every unit owner shall have the right to decorate the limited common elements appurtenant to his unit in a nonstructural manner provided that decorations which are visible to other units or to the public shall have the prior written approval of the Board of Directors of the Association.

ARTICLE VIII

General

8.1 Fiscal Year. The fiscal year of the Association shall begin the first day of October and end on the last day of September in the following.

8.2 Seal. The Association shall have no corporate seal.

ARTICLE IX

Amendments

9.1 Procedures. These Bylaws may be amended or repealed and new bylaws adopted by consent of not less than sixty-seven percent (67%) of the total unit votes in each component condominium.

9.2 Rights of Declarant. No amendment of these Bylaws shall alter or abrogate the rights of Declarant as contained in these Bylaws.

ARTICLE X

Miscellaneous

10.1 Record of Ownership. Every unit owner shall promptly cause to be duly recorded or filed of record the deed, assignment or other conveyance to him of such unit or other evidence of his title thereto, and shall file any lease with and present such other evidence of his title to the Board of Directors, and the Secretary shall maintain all such information in the record of ownership of the Association.

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

10.3 Indemnity of Officers and Directors. Every person who is or was a director or an officer of the Association (together with the heirs, executors and administrators of such person) shall be indemnified by the Association against all loss, costs, damages and expenses (including reasonable attorneys' fees) asserted against, incurred by or imposed upon him in connection with or resulting from any claim action, suit or proceeding, including criminal proceedings, to which he is made or threatened to be made a party by reason of his being or having been such director or officer, except as to matters as to which he shall be finally adjusted in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved.

The Association, by its Board of Directors, may indemnify in like manner, or with any limitations, any employee or former employee of the Association with respect to any action taken or not taken in his capacity as such employee. The foregoing rights of indemnification shall be in addition to all rights to which officers, directors or employees may be entitled as a matter of law.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article X contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been an employee, director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declarations, the Act, the Articles and Bylaws of the Association, as a member of the Association, or owner of a condominium unit covered thereby.

10.4 Notice to Mortgage Holders, Insurers and Guarantors. With respect to any holder, insurer or guarantor of a mortgage on any unit which sends to the Association a written request stating both its name and address and the unit number or address of the unit on which it has a mortgage, the Association shall provide timely written notice of:

- (a) any condemnation or casualty loss that affects either a material portion of the condominium or the unit securing its mortgage;
- (b) Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of eligible mortgage holders, as defined in paragraph 9.1 hereof.

10.5 Subordination. These Bylaws are subordinate and subject to all provisions of the Declarations and any amendments thereto and the Act which shall control in case of any conflict. All items herein (except where clearly repugnant to the context) shall have the same meanings as in the Declaration or the Act.

10.6 Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board of Directors to conduct or engage in any active business for profit on behalf of any or all of the unit owners.

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