BY-LAWS

OF

VALLEY RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

Section 1. Name. The name of the corporation shall be Valley Ridge Homeowners Association, Inc. (the **"Association"**). The Association is a duly created Wisconsin non-stock corporation.

Section 2. Principal Office. The principal office of the Association shall be 2800 Royal Avenue, Madison, Wisconsin 53713, or at such location as may be designated by the Association's Board of Directors. All books and records of the Association shall be kept at its principal office.

Section 3. Definitions. The Association has been organized to manage property owned by the Association known as the Valley Ridge planned development established pursuant to the Valley Ridge Declaration of Conditions, Covenants and Restrictions (hereinafter **"Declaration"**), recorded in the Office of the Dane County Register of Deeds, Madison, Wisconsin, on the 20th day of October 1999 as Document No. 3165082. All terms used in these By-Laws and not otherwise defined herein shall have the definition found in said Declaration. The Declaration is hereby incorporated by reference in and to these By-Laws.

ARTICLE II

DIRECTORS

Section 1. Number and Term. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than five (5). The initial Board shall be composed of three (3) Directors. Except for the initial Board named in the Articles, all Directors shall be Members. The number of Directors may be changed by the Members at the annual meeting. Each director shall be elected to serve for a term of one (1) year, or until his or her successor shall be elected and shall qualify, except that the initial Board of Directors may resign if Members fail to elect a replacement Board pursuant to Section 4, below.

Section 2. Vacancy and Replacement. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a

special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired portion of the term of the vacated office.

Section 3. Removal. Directors may be removed for cause by an affirmative vote of a majority of the votes of Members. No Director shall continue to serve on the Board if, during his or her term of office, his or her membership in the Association shall be terminated for any reason whatsoever.

Section 4. First Board of Directors. The first Board of Directors named in the Articles of Incorporation shall hold office and exercise all powers of the Board of Directors as provided in the Association's Articles of Incorporation ("Articles"), these By-Laws and the Declaration, until such time as the Developer, as that term is defined in the Declaration, owns less than 5% of the Properties. At such time, the Members shall elect a successor Board of Directors. Such Board shall be Members of the Association. The initial Board of Directors shall be exempt from liability to the Association in accordance with the terms of S. 181.0855 Wis. Stats., except that all Members acknowledge that the initial Board of Directors consist of principals of the Developer who intend to derive a profit for the Developer and personally as a result of their efforts in connection with the management and control of the Association. In the event there is a dispute as to whether the Directors are entitled to indemnification under S. 181.0872 Wis. Stats., then the method of determining the right of indemnification shall be that set forth in S. 181.0873(2) Wis. Stats.

Section 5. Powers. The Property and business of the Association shall be managed by the Board of Directors, which may exercise all corporate powers not specifically prohibited by statute, the Articles, the Declaration or these By-Laws. The powers of the Board of Directors shall specifically include, but not be limited to, the following:

A) To levy and collect according to the provisions of the Declaration, the Articles and these By-Laws regular and special Assessments for purposes set forth in the Declaration, the Articles or these By-Laws.

B) To use and expend the assessments collected to maintain, repair, replace, care for and preserve the property owned by the Association and for other common expenses, as set forth in the Declaration.

C) To purchase the necessary equipment required in the maintenance, care and preservation referred to above.

D) To enter into and upon the Common Property when necessary in connection with said maintenance, care and preservation.

E) To designate and retain personnel necessary for said maintenance, repair, replacement, care and preservation.

F) To insure and keep insured the Common Property in the manner set forth in the Declaration, against loss from fire and/or other casualty and the Association and its Members, if possible, against public liability arising out of the property or business of the Association, and to purchase such other insurance as the Board of Directors may deem advisable. This shall include the purchase of "blanket" or master insurance policy or policies on the Common Property.

G) To collect delinquent Assessments by suit or otherwise, abate nuisances and enjoin or seek damages from the Owners for violations of these By-Laws and the Declaration.

H) To employ and compensate such personnel as may be required for the maintenance and preservation of the Common Property.

I) To make reasonable by-laws, rules and regulations for the occupancy and use of the Common Property.

J) To contract for management of the Association and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration to have the specific approval of the Board of Directors or membership of the Association.

K) To carry out the obligations of the Association under any easements, restrictions or covenants running with any land subject to the Declaration.

L) To maintain legal actions, on behalf of the Owners, with respect to any cause of action relating to the Common Property.

M) To borrow money on behalf of and grant mortgages and other security interests in the Common Property of the Corporation.

N) To establish budgets for the operation of the Association, including the setting up of reserve funds for anticipated expenditures.

O) To invest surplus funds.

P) To enforce by all appropriate methods, after providing affected Owner(s) with an opportunity to be heard, the provisions of the Articles of Incorporation, these By-Laws, the Declaration and any and all rules and regulations which may, from time to time, be adopted by the Board of Directors.

Q) To appoint members to the Architectural Control Committee established by the Declaration pursuant to the terms thereof.

Section 6. Compensation. Neither Directors nor officers of the Association shall receive compensation for their services as such, except as may be authorized by a majority of the Members.

Section 7. Meetings:

A) The first meeting of each board newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place as the Members' annual meeting and immediately after the adjournment of same.

B) Special meetings shall be held whenever called by the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may waive notice of the calling of the meeting. Attendance by a Director at any meeting of the Board shall be deemed a waiver of notice by him. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

C) A majority of the Board shall be necessary at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board, unless otherwise provided for by express provision of the Wisconsin Statutes, the Declaration, the Articles or these By-Laws. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting until a quorum shall be present.

Section 8. Order of Business. The order of business at all meetings of the Board shall be as follows:

A) Roll call;

B) Reading of Minutes of the last meeting;

C) Consideration of communications;

D) Resignations and elections;

E) Reports of officers and employees;

F) Reports of committees;

G) Unfinished business;

H) Original resolutions and new business;

I) Adjournment.

Section 9. Annual Statement. The Board shall present, no less often that at each annual meeting, a full and clear statement of the business and conditions of the Association including a report of the operating expenses of the Association and the assessments paid by the Members.

ARTICLE III

OFFICERS

Section 1. Executive Officers. The executive officers of the Association shall be a President, Treasurer and Secretary, all of whom shall be elected annually by a majority vote of said Board at the annual meeting of the Board as established by these By-Laws. Any two of said offices may be united in one person, except that the President shall not also be the Secretary of the corporation.

Section 2. Subordinate Officers. The Board of Directors may appoint such other officers and agents as it may deem necessary, who shall hold office at the pleasure of the Board of Directors and who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

Section 3. Tenure of Officers; Removal. All officers and agents shall be subject to removal, with or without cause, at any time by action of the Board of Directors, which may delegate such powers to any officer.

Section 4. The President:

A) The President shall be Chairman of and shall preside at all meetings of the Members and Directors, shall have general and active management authority over the business of the Association, except that which is delegated, shall see that all orders and resolutions of the Board are carried into effect and shall execute bonds, mortgages and other contracts of the Association.

B) The President shall supervise and direct all other officers of the Association and shall see that their duties are performed properly.

C) The President shall be an ex officio member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 5. The Secretary:

A) The Secretary shall keep the minutes of meetings of the Members and of the Board of Directors in one or more books provided for that purpose. The Secretary shall count votes at all meetings of the Members and Directors.

B) The Secretary shall see that all notices are duly given in accordance with the provisions of these By-Laws or as otherwise required by law.

C) The Secretary shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act.

D) The Secretary shall be custodian of the corporate records and of the seal, if any, of the Association.

E) The Secretary shall keep a register of the Post Office address of each Member and their respective mortgagees (including land contract vendors), if any, which shall be furnished to the Secretary by such Member.

F) In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 7. The Treasurer:

A) The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors.

B) The Treasurer shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at each meeting of the Board, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the Association.

C) The Treasurer shall keep detailed, accurate records in chronological order, of the receipts and expenditures affecting the common property, specifying and itemizing the maintenance and repair expenses of the common property and any other expenses incurred.

Such records and the vouchers authorizing payments shall be available for examination by the Members at convenient hours of week days.

D) The Treasurer may be required by the Board to give the Association a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his or her office, and the restoration to the Association in case of his or her death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his or her possession belonging to the Association.

Section 8. Vacancies. If the office of the President, Secretary, or Treasurer becomes vacant by reason of death, resignation, disqualification or otherwise, the Directors, by a majority vote of the Board of Directors, may choose a successor or successors who shall hold office for the unexpired portion of the term of the vacated office.

Section 9. Resignations. Any Director or other officer may resign his or her office at any time, in writing, which resignation shall take effect from the time of its receipt by the Association, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

ARTICLE IV

MEMBERSHIP

Section 1. Definitions. Membership in the Association shall be determined in accordance with the Declaration.

Section 2. Transfer of Membership and Ownership. Membership in the Association may be transferred only as an incident to the transfer of the transferor's Property. Such transfer shall be subject to the procedures set forth in the Articles and Declaration.

ARTICLE V

MEETINGS OF MEMBERSHIP

Section 1. Place. All meetings of the Association membership shall be held at such place in Dane County, Wisconsin, as may be stated in the notice of the meeting.

Section 2. Annual Meeting:

A) An annual meeting of the Members shall be held during the month of February of each year, at the place, and on the date and at the hour, which are to be determined by the Board of Directors.

B) At the annual meeting, the Members, by a majority vote shall elect a Board of Directors and transact such other business as may properly come before the meeting.

C) Written notice of the annual meeting shall be served upon or mailed to each Member entitled to vote at such address as appears on the books of the Association, at least ten (10) days prior to the meeting.

Section 3. Membership List. At least ten (10) days before every election of directors, a complete list of Members entitled to vote at said election with the residence of each Member, shall be prepared by the Secretary. Such list shall be produced and kept for said ten (10) days and throughout the election at the office of the Association, and shall be open to examination by any Member throughout such time.

Section 4. Special Meetings:

A) Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of one-third (1/3) of the Members. Such request shall state the purpose or purposes of the proposed meeting.

B) Written notice of a special meeting of Members stating the time, place and object thereof, shall be served upon or mailed to each Member entitled to vote thereon, at such address as appears on the books of the Corporation, at least ten (10) days before such meeting.

C) Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Quorum. Fifty-one (51%) percent of the total number of Members of the Association, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by statute, the Articles or these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by written proxy, 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. 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 originally called.

Section 6. Vote Required to Transact Business. When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy, shall decide any question brought before the meeting, unless the question is one which, by express provision of the Wisconsin Statutes, the Declaration, the Articles or these By-Laws requires a

different vote, in which case such express provision shall govern and control the decision of such question.

Section 7. Right to Vote. All Owners (as defined in the Declaration) shall be entitled to one (1) vote (unless such vote is restricted as set forth in the Declaration). At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by proxy. If by proxy, such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. If a Property is owned by more than one Owner (individual or corporate), the vote attributable to that Property shall not be counted if the Owners are not unanimous. There shall be no fractional vote. The Owners of the Property shall file a certificate with the Secretary naming the person authorized to cast said Property's vote. If same is not on file, the vote of such Property shall not be considered, nor shall the presence of said Owners at a meeting be considered in determining whether the quorum requirement has been met.

Section 8. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by a provision of the Wisconsin Statutes, the Declaration, the Articles or these By-Laws in connection with action of the Association, the meeting and vote of Members may be dispensed with if all Members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. Order of Business. The order of business at annual Members' meetings and as far as practical at other Members' meetings, will be:

1) Roll Call;

2) Proof of Notice of Meeting or Waiver of Notice;

3) Reading of Minutes of Prior Meeting;

4) Officers' Reports;

5) Committee Reports;

6) Elections;

7) Unfinished Business;

8) Adoption and Approval of an Annual Budget;

9) New Business;

10) Adjournment.

ARTICLE VI

NOTICES

Section 1. Definitions. Whenever under the provisions of the Wisconsin Statutes, the Declaration, the Articles or these By-Laws, notice is required to be given to any director or Member, it shall not be construed to mean personal notice, but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a postpaid, sealed envelope, addressed as appears on the books of the corporation.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the provisions of the Wisconsin Statutes, the Declaration, the Articles or these By-Laws, a waiver thereof, in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 3. Address. The address for notice to the Association is the Principal Office of the Association as provided in the Articles of Incorporation, as the same may be amended from time to time.

ARTICLE VII

FINANCES

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by any one of the following officers: President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. The Board of Directors by resolution may require more than one (1) signature.

Section 3. Determination of Assessments:

A) Assessments shall be determined in accordance with the terms and conditions set forth in the Declaration. The Board of Directors is specifically empowered on behalf of the Association to make and collect assessments. Funds for the payment of common expenses shall be assessed as provided for in the Declaration in the proportion or percentages of sharing common expenses as provided in said Declaration. Said Assessments shall be payable as provided in said Declaration. Special Assessments, which may be

required by the Board of Directors, shall be levied and paid in the same manner as hereinbefore provided for regular Assessments.

B) When the Board of Directors has determined the amount of any Assessments, the Secretary or Treasurer shall mail or present a statement of the Assessment to each of the Owners. All Assessments shall be payable to the Association as provided in the Declaration, and upon request, the Secretary or Treasurer shall give a receipt for each payment made.

Section 4. Audits of Account. The accounts and records which the Treasurer must keep pursuant to the provisions of these By-Laws may be audited by qualified independent auditors at the direction of the Board of Directors. The cost of such audits shall be a common expense.

ARTICLE VIII

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, the following Rules and Regulations, together with such additional Rules and Regulations as may hereafter be adopted by the Board of Directors or the Architectural Control Committee, which additional Rules and Regulations shall be observed and enforceable as if fully set forth herein, shall govern the use of Units and the conduct of all residents thereof.

Section 1. Use of Property. Properties shall be used only for purposes permitted in, and as regulated by, the Declaration, City of Madison zoning ordinances, the Planned Unit Development Zoning Documents (P.U.D.) recorded November 9, 1998 as Document No. 3041968, Dane County Registry, and any approved and recorded Specific Implementation Plan under which Valley Ridge was and will be developed.

Section 2. Every Owner and Occupant shall observe all laws, ordinances, rules and regulations now or hereafter enacted by either the State of Wisconsin, or the City of Madison or adopted by the Association, its Board of Directors or the Architectural Control Committee.

ARTICLE IX

DEFAULT

Section 1. In the event an Owner does not pay any sum, charge, or Assessment required to be paid to the Association within thirty (30) days from the due date, the same shall constitute a lien on the interest of such Owner. Such lien may be foreclosed by suit by the Association as set forth in the Declaration. Suit to recover a money judgment for unpaid common expenses may be maintained without foreclosing or waiving the lien securing the same.

Section 2. Any Assessment, or installment thereof, not paid when due shall bear interest from the date when due until paid at a rate to be determined in accordance with the Declaration or by the Board of Directors.

Section 3. If the Association becomes the Owner of a Property, it shall offer said Property for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the property. All monies remaining after deducting the foregoing items of expense shall be returned to the former Owner of the property.

Section 4. In the event of a violation of the provisions of the Declaration, the Articles or By-Laws, which violation is not corrected within thirty (30) days after notice from the Association to the Owner to correct said violation, the Association may take such action as it may deem appropriate, including the institution of legal action, to correct the violation.

Section 5. In the event such legal action is brought against an Owner and results in a judgment for the Association, the Defendant shall pay the Association's reasonable attorneys' fees and court costs.

Section 6. Each Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions regardless of the harshness of the remedy available to the Association and regardless of the availability of other equally adequate procedures. It is the intent of all Owners to give to the Association such powers and authority which will enable it to operate on a business-like basis, to collect those monies due and owing it from Owner's, and to preserve each Owner's right to enjoy his Property free from unreasonable restraint and nuisance.

ARTICLE X

JOINT OWNERSHIP

Membership may be held in the name of more than one person or corporation. In the event ownership is in more than one person or corporation, all of the joint owners shall be entitled collectively to only one vote in the management of the affairs of the Association and said vote may not be divided between multiple Owners.

ARTICLE XI

SEAL

The Corporation has no seal.

ARTICLE XII

AMENDMENT

These By-Laws may be amended at any duly called meeting of the Members. The notice of the meeting shall contain a full statement of the proposed amendment. It shall be necessary that there be an affirmative vote of sixty-seven (67%) percent of all the Members who may vote either in person at the meeting or be represented by proxy to amend these By-Laws.

ARTICLE XIII

PERSONAL APPLICATION

All Owners, tenants of such Owners, employees of Owners and tenants, or any other persons that in any manner use the Property or any part thereof shall be subject to the Declaration, Articles and these By-Laws. All agreements, decisions and determinations lawfully made by the Association in accordance with the voting percentages in the Declaration, the Articles or these By-Laws, shall be deemed to be binding on all Owners.

ARTICLE XIV

EFFECTIVE DATE OF BY-LAWS HEREIN ESTABLISHED

These By-Laws are to be effective from the date of their adoption by the Board of Directors of the Association and shall continue in effect until they are amended by an amendment duly adopted by the Members of the Association in accordance with the provisions of ARTICLE XII hereof.

ARTICLE XV

CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to include the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the provisions of the By-Laws herein adopted be void or be or become unenforceable at law or in equity, the remaining provisions shall nevertheless be and remain in full force and effect.

These By-Laws were adopted by the Board of Directors on October 10, 1999.

Karen Simon Dreyer

Karen Simon Dreyer, Secretary