

**AMENDED AND RESTATED BYLAWS
OF
MIDDLETON HILLS NEIGHBORHOOD ASSOCIATION, INC.
Dane County, Wisconsin
(Adopted January 2006)**

**ARTICLE 1.
GENERAL PROVISIONS**

Section 1.1 Name. The name of the corporation shall be Middleton Hills Neighborhood Association, Inc. (“Association”). The Association is a duly created Wisconsin non-stock corporation.

Section 1.2 Principal Office. The current principal office of the Association is 6727 Frank Lloyd Wright Avenue, Middleton, Wisconsin. All books and records of the Association shall be kept at its principal office.

Section 1.3 Registered Office. The registered office shall be the same as the principal office.

Section 1.4 Definitions. The Association has been organized to manage property owned by the Association and to manage the Middleton Hills Neighborhood established pursuant to the Declaration of Covenants, Conditions, and Restrictions (“Declaration”) recorded in the Office of the Dane County Register of Deeds, Madison, Wisconsin, on the 19th day of January, 1996. Certain capitalized terms used in these Bylaws, unless otherwise defined herein, have the meanings specified for such terms in said Declaration.

**ARTICLE 2.
MIDDLETON HILLS NEIGHBORHOOD ASSOCIATION, INC.**

Section 2.1 Members. All Owners shall be Members of the Association.

Section 2.2 Association Purpose. The purpose of the Association shall be to pursue the goals and missions of the Middleton Hills Neighborhood, as set forth in the Declaration, and to serve as the vehicle for fulfilling the provisions of the Declaration.

Section 2.3 Organizational Structure. The organizational structure of the Association shall be as defined in Section 3.02 of the Declaration.

Section 2.4 Membership and Voting Rights. The qualifications for Membership in the Association and the right of Members to vote on matters arising before the Association shall be as set forth in Section 3.03 of the Declaration.

Section 2.5 Association Meetings.

(a) Annual Meetings. Annual meetings of the Association shall be held during the month of June on a date and time and at a location to be determined by the Board on a year-to-year basis.

(b) Special Meetings. The Board of Directors, by a two-thirds (2/3rds) vote, may cause the President to call a special meeting of the Association. Members may cause the President to call a special meeting upon the presentation of a petition signed by Members representing not less than fifteen percent (15%) of all Member votes entitled to be cast. The only issues that may be addressed at a special meeting are those issues stated in the notice of such meeting.

(c) Notice of Meetings. Members who have registered with the Association shall be sent notice of each annual meeting. Notice shall be sent as soon as the President has appointed the Elections Committee under § 3.3, but in any event no earlier than sixty (60) days and no later than ten (10) days prior to the meeting date. Notices of special meetings shall be sent no earlier than thirty (30) days and not later than five (5) days prior to the meeting date. 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 that the Secretary of the Association shall certify in writing that such notice was delivered to the Member. Notices of a meeting shall include the purpose(s) of the meeting. Except as may otherwise be required by Public Laws, no business may be transacted other than that which has been announced in the notice. Meetings shall be called for a time and at a place reasonably convenient to most Members.

(d) Conduct of Meetings. The President shall preside over Association meetings; in his absence, the Vice President shall preside. The minutes of all meetings shall be held in a minute book maintained for the Association by the Secretary. To the extent consistent with the Declaration, meetings shall be conducted according to the then current edition of Robert's Rules of Order.

(e) Voting Qualifications. Except as provided to the contrary in the Declaration, all Members in good standing may vote on any issue which requires voting by Members. A Member to be in good standing, must have registered with the Association and must be current to within thirty (30) days of the due date as to any financial obligations to the Association.

(f) Manner of Voting. Cumulative voting is not permitted. The manner of voting (by ballot, machine, or other means) shall be determined by a majority of the Board.

(g) **Quorum.** A quorum for the purposes of general or special meetings shall consist of fifty-one (51%) percent of votes entitled to vote, as required by the Declaration.

(h) **Proxies.** A vote may be cast in person or by proxy. A Member may grant his proxy to any other Member or to the Secretary of the Board. However, only the Secretary of the Board may cast votes on behalf of more than one Member. Proxies shall be duly executed in writing, and must be filed with the Secretary prior to the start of the meeting. A proxy may only be revoked upon the actual receipt by the Secretary of the Board of notice of revocation from the Member issuing the proxy or by the Member's presence at the meeting for which the proxy was given. Unless a longer or shorter period is specified in the proxy, proxies shall be valid for a period of eleven (11) months. The use of proxies shall be in conformance with all Public Laws.

ARTICLE 3. BOARD OF DIRECTORS

Section 3.1 Composition. The primary decision-making body of the Association shall be a Board of Directors consisting of five (5) members. The Association President elected pursuant to Section 4.1 shall be a member of the Board. So long as Declarant's Rights and Obligations are in effect, Declarant shall be entitled to appoint up to (2) members. The balance of the Board shall be elected by the Members as provided in Section 3.3. Upon expiration of Declarant's Rights and Obligations, appointed members shall be entitled to serve until the next annual meeting, at which meeting the Members shall elect all members of the Board pursuant to Section 3.3, except the President which shall be elected pursuant to Section 4.1. The Board may be increased above five (5) members by a majority vote of a Quorum of Members at an annual or special meeting. The Declarant's right to remove and replace Declarant's appointed members to the Board shall continue so long as Declarant's Rights and Obligations remain in effect.

Section 3.2 Term. Except for members of the Board appointed by the Declarant, the term of office of each member of the Board shall be two (2) years. Except upon expiration of Declarant's Rights and Obligations, appointed members shall serve until removed or replaced by Declarant.

Section 3.3 Elections. The President of the Association shall appoint an Elections Committee at least sixty (60) days prior to a scheduled election to administer and preside over elections which shall be conducted in accordance with policies and procedures established by the Board. Consent of the Board shall not be required for appointment of the Elections Committee, notwithstanding other provisions in the Declaration regarding appointments. Candidates for election to the Board (i.e. not members appointed by the Declarant) must be Members in good standing and shall submit to the Elections Committee a petition for candidacy. In the case of a candidate for Director, such petition shall be signed by at least five (5) Members in good standing; in the case of a candidate for Director/President, such petition shall be signed by at least ten (10)

Members in good standing. Members may sign petitions for multiple candidates. Declarant's Board appointees need not be Members.

Section 3.4 Powers and Duties of the Board. The property and business of the Association shall be managed by the Board, which may exercise all corporate powers and duties necessary or required for the administration and implementation of the affairs of the Association, not specifically prohibited by statute, or the Declaration. The powers of the Board of Directors shall specifically include, but not be limited to, the following:

(a) To determine the annual budget for the operation of the Association and establish assessments.

(b) To levy and collect according to the provisions of the Declaration, the Articles and these Bylaws General and Special Assessments for purposes set forth in the Declaration, the Articles or these Bylaws.

(c) 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.

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

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

(f) 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 President, the Board or membership of the Association.

(g) To enter into and upon the Neighborhood Property, as defined in the Declaration, when necessary, with as little inconvenience to the Members as possible, in connection with maintenance, care and preservation.

(h) To collect delinquent Assessments by suit or otherwise, abate nuisances and enjoin or seek damages from the Members for violations of the Declaration.

(i) To maintain legal actions, on behalf of the Members, with respect to any cause of action relating to the Neighborhood Property.

(j) To invest surplus funds.

(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 borrow money on behalf of and grant mortgages and other security interests in the Neighborhood Property of the Corporation.

(m) To provide advice and consent to the President on any appointments.

(n) To appoint members to the Middleton Hills Architectural Review Board as established in the Declaration.

(o) To hear and make final determinations on appeals from decisions of the Middleton Hills Architectural Review Committee and/or any other Committee within the jurisdiction of the Association.

(p) To adopt and/or amend the Middleton Hills Neighborhood Code.

(q) To make reasonable rules and regulations for the Development.

(r) To insure and keep insured the Neighborhood Property 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 may deem advisable. This may include the purchase of "blanket" or master insurance policy or policies on the Neighborhood Property.

Section 3.5 Board Meetings. All meetings of the Board shall be open to all Members except to the extent the Public Laws permit closed meetings, in which event any decision to close a meeting shall require the concurrence of a majority of a quorum of Directors.

(a) **Organizational Meeting.** Within thirty (30) days following each election the Board shall hold an organizational meeting at which Officers, other than the President, shall be selected from the members of the Board.

(b) **Regular Meetings.** Regular meetings of the Board may be held at such time and place, within the State of Wisconsin, as shall be set from time to time by resolution of the Board, but in no event less frequently than twice per year.

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

(d) 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 by the 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.

(e) 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 paragraph (f) below.

(f) Vacancies. Except for the Directors appointed by Declarant, any vacancy on the Board may be filled until the next succeeding annual election by the affirmative vote of the majority of the Directors then in office, although less than a quorum of the Board.

(g) Notice. Notice of a regular meeting shall be given at least five (5) 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 to each Director at his last known address, or by telegram, or by facsimile. 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. If notice is given by fax, such notice shall be deemed to be delivered when sent. Whenever any notice whatever is required to be given to any Directors of the corporation under the provisions of these Bylaws, the Articles, the Declaration 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 need be specified in the notice or waiver of notice of such meeting.

(h) Telephone Meetings. The Board may conduct its meetings by means of a conference telephone or similar communication equipment if persons participating in such meeting can hear and talk to each other at the same time. If a meeting will be conducted through the means described above, all participating

Directors shall be informed that a meeting is taking place at which official business may be transacted. A Director participating in such meeting is deemed to be present in person at the meeting. If requested by a Director, minutes of the meeting shall be prepared and distributed to each Director.

(i) Quorum of Board of Directors. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Board present shall constitute the decision of the Board except regarding matters for which different voting requirements are required. If a quorum is not present, a majority of those Directors present may adjourn the meeting to another date, sufficiently in the future so that proper notice can be provided.

(j) 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.

(k) 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.

(l) Conduct of Meetings. The President shall preside over all meetings of the Board. The Secretary shall assure that minutes are recorded and a minute book maintained as well as a record of all resolutions. The then current edition of Robert's Rules of Order shall govern the conduct of Board meetings when not in conflict with Public Laws or the Declaration.

(m) Common or Interested Directors. Each Director shall exercise his powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any of the Directors, or between the Association and any other corporation, firm or other entity (including Declarant) in which any of the Directors are directors or have a material financial interest, is either void or voidable solely because of the common directorship or interest, the presence of the Director at the meeting of the Board when the Board which authorizes, approves or ratifies the contract or transaction, or the counting of the vote of the Director for the authorization, approval or ratification of the contract or transaction, if any of the following conditions are met:

(i) The fact of the common directorship or interest is disclosed or known to the Board and the Board authorizes, approves, or ratifies the contract or transaction by the affirmative vote of a majority of disinterested

Directors, even if the disinterested Directors constitute less than a quorum of Directors; or

(ii) The fact of the common directorship or interest is disclosed or known to the Board and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Board other than the vote of the interested Director; or

(iii) The contract or transaction is fair and reasonable to the Association.

Any common or interested Director may be counted in determining the presence of a quorum at a meeting of the Board at which the contract or transaction is authorized, approved or ratified.

(n) **Presumption of Assent.** A Director who is present at a meeting of the Board 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.

(o) **Informal Action.** Any action required or permitted to be taken at any meeting of the Board 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.

(p) **Committees.** In addition to the Elections Committee, the Board may appoint and dismiss committees made up of Members as the Board from time to time deems desirable to assist in the administration or operation or affairs of the Association.

ARTICLE 4. OFFICERS

Section 4.1 Principal Officers. The principal Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Vice President, Secretary and Treasurer shall be elected by the Board as provided in Section 3.5(a). The President shall be elected as described in paragraph 3.02(c) of the Declaration and in Section 4.5(d), below. Any two or more offices may be held by the same person, except for the offices of President and Secretary and/or President and Treasurer.

Section 4.2 Election and Terms of Office. Except with respect to the President, as described in Section 4.5(d) below, the Officers shall be elected by the Board of Directors at its first meeting held pursuant to Section 3.5(a), if Officers are not elected at such annual meeting. 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 4.3 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 corporation 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 4.4 Vacancies. A vacancy in any principal office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 4.5 Powers and Duties of the President. The President shall preside over meetings of the Association, and in his absence, the Vice-President shall preside. The President's duties which shall not be diminished by the Board without a vote of a majority of a Quorum of Members, shall also include:

(a) **Contract Approvals.** Approval of all contracts involving sums less than one percent (1%) of the annual operating budget (unless a higher limit is set by the Board), provided an allocation for the expenditure has been made in the annual operating budget; otherwise, the President's contract authority shall be limited to one-half of one percent (.5%) of the annual operating budget, unless otherwise determined by the Board.

(b) **Financial Matters.** Countersignature with the Neighborhood Manager or Treasurer on financial instruments.

(c) **Appointments.** Except as provided to the contrary in the Declaration, the President shall appoint the Neighborhood Manager (who may manage the day-to-day affairs of the Association and report directly to the President), members of the Middleton Hills Architectural Review Committee and, from time to time, members of special committees convened to consider matters of interest to the Association. All appointments shall be concurred in by a majority of a quorum of the Directors.

(d) **Election and Term of Office of Association President.** The Owners shall elect the President as described in paragraph 3.02(c) of the Declaration and hereinbelow. The President, elected by the vote of a majority of a Quorum of Members, shall serve for a term of two (2) years. The Elections Committee established pursuant to Section 3.3 of these Bylaws shall administer and preside

over the elections for President. In order to stand for election as President, a person shall be a Member in good standing, and shall first secure a petition for candidacy, signed by ten (10) Members in good standing. A President may be recalled from office, without cause, upon a vote of a majority of a Quorum of Members. If the Board in its judgment finds that the best interests of the Association will be served, the Board may remove the President from office by a majority vote of the entire Board. A mid-term vacancy in the office of President shall be filled by the Board; provided, that any vacancy in the office of President occurring as a result of action taken by the Board shall be filled by the vote of a majority of a Quorum of Members at a special meeting of the Association which shall be promptly called by the Board and held no later than thirty (30) days after the date of such vacancy.

Section 4.6 Vice President. In the absence of the President or in the event of his death or inability to act, the Vice President shall perform the duties of the President, and when so acting, shall have all powers of and be subject to all the restrictions upon the President. If neither the President or the Vice President are present or able to act, the Board shall appoint some other Director to act in the place of the President on an interim basis. The Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4.7 Secretary. The Secretary shall:

- (a) keep any minutes of the Board meetings in one 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 corporation;
- (d) count all votes at any meeting of the Association; and
- (e) in general, perform all duties incident to the office of Secretary.

Section 4.8 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 shall determine. He shall:

- (a) have charge and custody of and be responsible for all funds and securities of the corporation;
- (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever;

(c) deposit all monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws;

(d) prepare an annual budget and a statement of income and expenditures to be presented to the Members at its regular annual meeting and deliver a copy to each of the Members; and

(e) in general, perform all of the duties as from time to time may be assigned by the President or by the Board of Directors.

Section 4.9 Salaries. Officers shall ordinarily serve without compensation, but in unusual circumstances the Board of Directors may approve the 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 4.10 Qualifications. All Officers shall also be members of the Board of Directors of the Association.

ARTICLE 5. MIDDLETON HILLS ARCHITECTURAL REVIEW COMMITTEE

Section 5.1 Organization, Appointment and Terms of Office. The Middleton Hills Architectural Review Committee shall consist of five (5) individuals appointed by the President of the Association with concurrence from the majority of the Board. The term of office for members of the Middleton Hills Architectural Review Committee shall be for up to two (2) years.

Section 5.2 Duties. The Middleton Hills Architectural Review Committee shall have such duties as provided in the Declaration, as further determined from time to time by the Board of Directors.

ARTICLE 6. RULES AND REGULATIONS

Section 6.1 Rules and Regulations. In addition to the Declaration initially promulgated by the Declarant, the Board of Directors may enact Rules and Regulations for the use, repair, and maintenance of the Development, provided, that such Rules and Regulations are not contrary to or inconsistent with any of the Declaration. Copies of and changes to the Rules and Regulations shall be furnished by the Board of Directors to each Member prior to the time when the same shall become effective.

Section 6.2 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, equitable remedies, court action if necessary, and monetary fines of not less than \$25.00 per violation.

**ARTICLE 7.
INDEMNIFICATION OF OFFICERS,
DIRECTORS, EMPLOYEES AND AGENTS**

Section 7.1 Definitions Applicable to Indemnification and Insurance Provisions.

(a) “Corporation” means Middleton Hills Neighborhood Association, Inc., a nonstock, nonprofit corporation organized under Chapter 181 of the Wisconsin Statutes.

(b) “Director,” “Officer,” “Employee” and “Agent” mean any of the following:

(i) An individual who is or was a director, officer, employee or agent of the corporation.

(ii) An individual who, while a director, officer, employee or agent of the corporation, is or was serving at the corporation’s request as a director, officer, partner, 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) An individual who, while a director, officer, employee or agent of the corporation, is or was serving an employee benefit plan because his or her duties to the corporation also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.

(iv) Unless the context requires otherwise, the estate or personal representative of a director, officer, employee or agent.

(c) “Expenses” include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.

(d) “Liability” includes 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.

(e) “Party” means an individual who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(f) “Proceeding” means 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 Corporation or by any other person.

Section 7.2 Mandatory Indemnification for Directors and Officers.

(a) The Corporation shall indemnify a Director or Officer to the extent he or she 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 or she is a Director or Officer of the Corporation.

(b) (i) In cases not included under sub. (a) above, the Corporation 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 or she is a Director or Officer of the Corporation, unless liability was incurred because the person breached or failed to perform a duty he or she owes to the Corporation and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the Corporation in connection with a matter in which the Director or Officer has a material conflict of interest.

(2) A violation of criminal law, unless the Director or Officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

(3) A transaction from which the Director or Officer derived an improper personal profit.

(4) Willful misconduct.

(ii) Determination of whether indemnification is required under this subsection shall be made pursuant to the procedures provided for in Section 7.5 of these Bylaws.

(iii) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an

equivalent plea, does not, by itself, create a presumption that indemnification is not required under these Bylaws.

(c) A Director or Officer who seeks indemnification under these Bylaws shall make a written request to the Corporation.

(d) (i) Indemnification under these Bylaws is not required to the extent limited by the Articles of Incorporation.

(ii) Indemnification under these Bylaws is not required if the Director or Officer has previously received indemnification or allowance of expenses from any person, including the Corporation, in connection with the same proceeding.

Section 7.3 Allowance of Expenses as Incurred. Upon written request by a Director or Officer who is a party to a proceeding, the Corporation may pay or reimburse his or her reasonable expenses as incurred if the Director or Officer provides the Corporation with all of the following:

(a) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Corporation.

(b) A written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by the Corporation, to pay reasonable interest on the allowance to the extent that it is ultimately determined that indemnification is not required by this Article and that indemnification is not ordered by a court under applicable Wisconsin Statutes. The undertaking under this subsection shall be an unlimited general obligation of the Director or Officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

Section 7.4 Optional Indemnification and Allowance of Expenses for Employees and Agents.

(a) The Board of Directors of the Corporation may from time to time, by resolution, authorize the Corporation to indemnify and allow payment of expenses for Employees or Agents of the Corporation. The indemnification and allowance of expenses for Employees and Agents shall be in accordance with the standards and procedures contained in Section 7.2, Section 7.3, and Section 7.5 of this Article 7.

(b) The resolution of the Board of Directors authorizing indemnification of Employees and Agents may be specific as to particular Employees and Agents or may be general as to all Employees and Agents.

(c) The resolution of the Board of Directors may authorize the Corporation to enter into written contracts with an Employee or Agent providing for indemnification and allowance of expenses or provided for in this Article 7.

Section 7.5 Determination of Right to Indemnification. Except for court ordered indemnification of Directors and Officers provided for in Section 181.0873 and 181.0879 of the Wisconsin Statutes, the right of a Director, Officer, Employee or Agent to indemnification under these Bylaws shall be determined by one of the three methods set forth below. The determination of which method will be used shall be by a majority vote of the disinterested Directors:

(a) By a majority vote of a quorum of the Board of Directors consisting of Directors not at the time parties to the same or related proceedings. If a quorum of disinterested Directors cannot be obtained, then by majority vote of a committee duly appointed by the Board of Directors consisting solely of two or more Directors not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(b) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed under subparagraph (a), 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 same or related proceedings.

(c) By a panel of three arbitrators consisting of one arbitrator selected by those Directors entitled under subparagraph (b) above to select independent legal counsel, one arbitrator selected by the person or persons seeking indemnification and one arbitrator selected by the two arbitrators previously selected.

Section 7.6 Insurance. The Corporation may purchase and maintain insurance on behalf of an individual who is a Director, Officer, Employee or Agent of the Corporation against liability asserted against and incurred by the individual in his or her capacity as an Employee, Agent, Director or Officer, or arising from his or her status as an Employee, Agent, Director or Officer, regardless of whether the Corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under these Bylaws or applicable Wisconsin Statutes.

Section 7.7 Miscellaneous.

(a) **Additional Rights to Indemnification and Allowance of Expenses.** The Board of Directors, by resolution, may authorize rights to indemnification and payment of expenses for Directors and Officers, which are in addition to those provided for in Section 7.2 and Section 7.4 of these Bylaws,

provided that such authorization is determined by independent legal counsel to be permissible under Section 181.0855 of the Wisconsin Statutes.

(b) Court Ordered Indemnification. It is acknowledged that a Director and Officer of the Corporation has the right under Sections 181.0873 and 181.0879 of the Wisconsin Statutes to apply to a court of competent jurisdiction for a judicial determination of the right of a Director or Officer to be indemnified by the Corporation.

ARTICLE 8. AMENDMENTS

Bylaws may be adopted either by the Members or the Directors, but no bylaw adopted by the Members shall be amended or repealed by the Directors, unless the bylaws adopted by the Members shall have conferred such authority upon the Directors. Any bylaw adopted by the Directors shall be subject to amendment or repeal by the Members as well as by the Directors.

ARTICLE 9. MISCELLANEOUS

Section 9.1 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 Declaration may require or permit.

Section 9.2 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 9.3 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 9.4 Personal Application. All Members, tenants of such Members, employees of Members and tenants, or any other persons that in any manner use the Real Property and/or Neighborhood Property or any part thereof shall be subject to the Declaration, Articles and these Bylaws. All agreements, decisions and determinations lawfully made by the Association in accordance with the voting percentages in the Declaration, the Articles or these Bylaws, shall be deemed to be binding on all Members.

Section 9.5 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 9.6 Defined Terms. Terms defined in the Declaration shall have the same meaning herein unless the context clearly indicates to the contrary.

[END]