

**BY-LAWS**  
**OF**  
**RED CEDAR CANYON TOWNHOUSE ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is Red Cedar Canyon Townhouse Association, Inc., hereinafter referred to as the Association. The registered office of the Association shall be located at 1 E. CANYON DR., Hudson, Wisconsin 54016 but meetings of members and directors may be held at such places within the State of Wisconsin as may be designated by the Board of Directors.

**ARTICLE II**

**DEFINITIONS**

Section 1. "Declarant" shall mean Hans Hagen Homes, Inc., a Minnesota corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from Declarant for the purpose of development.

Section 2. "Lot" shall mean and refer to a separate platted lot intended for or containing a single living unit, without distinction as to whether the living unit is "detached" (commonly called "single-family") or "attached" (commonly called "townhouse").

Section 3. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Property" shall mean and refer to that real property defined in the Declaration and such additions thereto as hereafter may be expressly brought within the jurisdictions of the Association, but shall not include any other lots or outlots within said subdivision not so expressly named.

Section 6. "Community Facilities" shall mean the walks, paths, landscaping, open spaces, other recreational facilities, exterior lighting, development signage, and other

improvements or structures which may be from time to time or at any time located or constructed on any part of the Landscape Easement Area and Common Area.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions, and Easements for Red Cedar Canyon Townhouse Association, Inc. filed for record in the office of the County Register of Deeds in and for St. Croix County, Wisconsin on \_\_\_\_\_, 2001, as Document No. \_\_\_\_\_, and shall include any amended or supplemental Declaration executed in accordance with the provisions thereof.

Section 8. "Association" shall mean and refer to this corporation, which is also referred to as the "Association" in said Declaration.

Section 9. "Member" shall mean any person or entity holding membership in the Association as provided in Article III hereof.

Section 10. "Common Area" shall mean and refer to each and all of those certain portions of the Property legally described and defined in the Declaration.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot subject to assessment, except as herein provided to the contrary, shall be entitled and required to be a member of the Association. If title to a Lot is held by more than one person, each of such persons shall be a member. An Owner of more than one Lot shall be entitled to one membership for each such Lot. Each such membership shall be appurtenant to the Lot upon which it is based and shall transfer automatically by voluntary or involuntary conveyance of the title of that Lot. No person or entity other than an Owner or Declarant may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to that Lot.

Section 2. Transfer. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of the record title of a Lot and then only to such transferee, by assignment, intestate succession, testamentary disposition, foreclosure or mortgage of record or other legal process. It shall be the responsibility of each Owner, upon becoming entitled to membership, to so notify the Association in writing, and until so notified, the Association may continue to carry the name of the former Owner as a member, in its sole discretion. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the transferee of title of such Lot, the Association shall have the right to record the transfer upon the books of the Association and issue a new membership to the transferee, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

Section 3. Voting. The Association shall have two classes of voting membership:

A. Class A. Class A members shall be all Owners of Lots, with the exception of the Declarant, prior to termination of Class B membership, and shall be entitled to one vote for each Lot owned. When more than one person holds title to any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot. There can be no split vote. Prior to or at the time of any meeting at which a vote is to be taken, each Co-Owner or other person entitled to a vote at such meeting shall file with Secretary of the Association the name of the voting co-Owner or other person entitled to a vote at such meeting, unless such co-Owner or other person has filed a general voting authority with the Secretary applicable to all votes until rescinded.

B. Class B. The Class B member shall be the Declarant, who shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

- i) When the total votes outstanding in the Class A membership equal the votes outstanding in the Class B membership; or
- ii) The eighth anniversary of the recording of the Declaration.

Section 4. Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration or these By-Laws for a period of thirty (30) days, or shall be in default in the performance of any of the terms of the Declaration or these By-Laws for a period of thirty (30) days, such Owner's right to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

Section 5. Quorum. The presence in person or by proxy of twenty-five percent (25%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement of the meeting, until a quorum as aforesaid shall be present or represented.

Section 6. Proxies; Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting of the members of the Association. No proxy shall be valid more than eleven (11) months after its execution.

Section 7. Majority Required. A majority shall be sufficient for the transaction of all business of the Association except on matters where a greater vote is required by the Declaration, the Articles of Incorporation, the By-Laws or by statute.

Section 8. Meetings. Meetings of the Association shall be in accordance with the following provisions:

A. Annual Meetings. The first annual meeting of the members of the members of the Association shall be held within twelve (12) months from the date of incorporation of the Association, the exact date to be decided by the Board of Directors. At such first annual meeting of the members, the members may designate a regular date for successive annual meeting. If the members fail to designate the date of the next annual meeting until such a designation is made by the members. If any designated date falls upon a legal holiday, it shall be understood that the actual date of the meeting shall be the next business day succeeding such designated date.

B. Special Meetings. A special meeting of the members shall be held within 120 days of the termination of Class B membership, at which time an election shall be had of a full slate of directors who shall collectively replace the unexpired terms of the Board in office immediately prior to such election. It shall be the duty of the President to call a special meeting of the members when requested in writing by three (3) members of the Board of Directors or upon a petition signed by members who are entitled to vote twenty-five percent (25%) of all of the Class A membership. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the votes present in person or by proxy at such meeting.

C. Notice of Meetings. It shall be the duty of the Secretary to serve a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, upon each member of record, at least ten (10) days, but not more than fifty (50) days, prior to such meeting. The mailing of a notice to each member at the address shown for such member on the Association's records shall be deemed notice served.

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

- (1) Roll Call
- (2) Proof of notice of meeting or waiver of notice
- (3) Reading of minutes of preceding meeting
- (4) Reports of officers
- (5) Report of committees
- (6) Election of Directors
- (7) Unfinished business
- (8) New business

## ARTICLE IV

### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations also may be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the board of Directors, and two or more members of the Association. The nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE V

### BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of Association shall be governed by a Board of Directors composed of five (5) persons (except for the first Board of Directors, which shall be composed of three (3) persons). Directors need not be members of the Association.

Section 2. First Board of Directors. The first Board of Directors named in the Articles of Incorporation shall maintain, manage and administer the affairs, the real estate and other property of the Association, until the first annual meeting of the members and until their successors have been duly elected and qualified, unless said Directors sooner resign, be removed or are otherwise disqualified to serve.

Section 3. Powers. The Board of Directors shall have the following powers:

A. To adopt and publish rules and regulations governing the use of the facilities of the Association, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof:

B. To suspend the voting rights and right to use of recreational facilities of a member, but not rights of access and easements necessary for the use of his Lot, during any

period in which such member shall be in default for a period of thirty (30) days in the payment of any assessment levied by the Association, or the payment of any other amount or the performance or any other term of the Declaration or these By-Laws. Such rights also may be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

C. To assess reasonable service charges for tardy payment of assessments and for returned checks.

D. To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, or the Articles;

E. To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meeting of the Board of Directors; and

F. To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, subject to the subject to the limitations set forth in the Declaration.

G. To delegate some or all of its duties under the Declaration to Red Cedar Canyon Overall Association, Inc., a Wisconsin nonstock corporation.

Section 4. Duties. The Board of Directors shall have the following duties:

A. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the membership entitled to vote;

B. To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

C. To establish the annual assessment period and fix the amount of the annual assessment against each member for each Lot owned and against the Declarant, if any, for the following fiscal year preceding the start of such fiscal year, all in accordance with the terms of the Declaration and these By-Laws;

D. To fix the amount of any special assessment against each member for each Lot owned and against the Declarant all in accordance with the terms of the Declaration and these By-Laws;

E. To send written notice to all members of any meeting of the members called for the purpose of voting upon increases in annual assessments above the maximum set by the Declaration or voting upon a proposed special assessment;

F. To send written notice of each assessment for the following fiscal year to every Owner and, where appropriate, to the Declarant, not later than 30 days preceding the start of such fiscal year, and levy all such assessments as liens;

G. To foreclose by action in the manner provided by Wisconsin Statutes Section 779.70 the lien against any Lot for which assessments are not paid within sixty (60) days after due date and to bring an action at law against the Owner or other person personally obligated to pay the same;

H. To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

I. To procure and maintain, as directed by the Board of Directors, liability and fire and other hazard insurance on property owned by the Association which shall include fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement only); and to use proceeds of such hazard insurance solely for the repair, replacement or reconstruction of such insurable common property including insured improvements and to procure and maintain other insurance as required or authorized by the Declaration;

J. To cause all officers or employees having fiscal responsibilities to be covered by fidelity insurance, as it may deem appropriate, and at least as required by the Declaration;

K. To cause all of the Common Area and Community Facilities to be maintained;  
and

L. To perform the other functions of the Association as set forth in the Declaration.

Section 5. Term of Office. At the first annual meeting the members shall elect two (2) Directors for a term of one year, two (2) Directors for a term of two years, and one (1) Director for a term of three years; and at each annual meeting thereafter the members shall elect Directors for a term of three years to fill the vacancies created by expiring terms. There shall be no limit on the number of times a Director may serve.

Section 6. Vacancies. Any vacancy in the Board of Directors shall be filled by vote of the majority of remaining Directors, even though they may constitute less than a quorum.

Each person so elected shall be a Director for the unexpired term of his predecessor, or until his successor is elected.

Section 7. Compensation. No Director shall receive compensation for service as a Director. However, any Director may be reimbursed for actual expenses incurred in the performance of duties.

Section 8. Removal of Directors. At any regular or special meeting of the Association duly called, any Director may be removed with or without cause by a majority of the Directors and a successor may then and there be elected to fill the vacancy thus created.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of its election at such place as shall be fixed by the Directors at the meeting at which such Directors were elevated, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting provided a majority of the whole Board of Directors shall be present.

Section 10. Regular Meetings. Regular meeting of the Board of Directors shall be held monthly without notice, at such place and hour as may be determined from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not legal holiday.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 12. Telephone Conference. A meeting of the Directors or any committee of the Board may be conducted by a telephone conference or any means of communication through which the participants may simultaneously hear each other during the meeting, if notice of the meeting has been given and if the number of persons participating in the conference is sufficient to constitute a quorum. Participating in a conference constitutes personal presence at the meeting.

Section 13. Waiver of Notice. Before or at 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 of Directors shall be deemed a waiver of notice by him of the time and place thereof. 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.

Section 14. Quorum. At all meetings of the Board of Directors, a majority of the Director shall constitute a quorum for the transaction of business, and the acts of the majority of

the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors except as otherwise provided in the Declaration, Articles or these By-Laws. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 16. No Proxies. Directors shall not vote by proxy.

## ARTICLE VI

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officer as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year unless he shall sooner resign, be removed or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of a secretary treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Board of Directors; he shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgage deeds and other written instruments (except to the extent that the Board of Directors authorizes or mandates the delegation of such authority). He shall have the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in conducting the affairs of the Association.

Vice President

The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; shall keep the corporate seal of the Association (if any be adopted) and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the members; shall keep appropriate current records showing the members of the Association together with their address, and shall perform such other duties as required by the Board of Directors.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association (except to the extent that the Board of Directors authorizes or mandates the delegation of such authority); shall keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

## ARTICLE VII

### COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

## ARTICLE VIII

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

To the full extent permitted by Wisconsin Statutes as amended from time to time, or by other provisions of law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee, or agent of the association, or that he is or was serving at the specific request of the Board of Directors of the association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the association against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding; provided, however, that the indemnification with respect to a person who is or was serving as a director, officer employee or agent or another corporation, partnership, joint venture, trust or other enterprise shall apply only to the extent such person is not indemnified by such other corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by this section shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such person and shall apply whether or not the claim, against such person arises out of matters occurring before the adoption of this section.

## ARTICLE IX

### BOOKS OF ACCOUNT; FISCAL YEAR

Section 1. Books of Account. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Area and any other expenses incurred by or on behalf of the Association and the members. Such accounts, books, records, financial statements and other papers of the Association shall be open for inspection by the members and other persons having an interest in any Lot, including any Owner, and lender and any holder, insurer or guarantor of a first mortgage on any Lot, during reasonable business hours or under other reasonable circumstances. The Association shall not be obligated to prepare audited annual financial statements, but any mortgage holder shall be permitted, upon written notice, to have an

annual audited financial statement of the Association for the immediately preceding fiscal year prepared at their expense (unless one is otherwise available, in which case it shall be provided free of charge to party so requesting). Current copies of the Declaration, the Articles of Incorporation, the By-Laws of the Corporation, and other rules concerning the project, shall be available for inspection by any Owner and lender, and to holders, insurers or guarantors of any first mortgage at the principal office of the Association during normal business hours or under other reasonable circumstances, where copies of the same may be purchased at reasonable cost.

Section 2. Fiscal Year. The fiscal year of the Association shall commence January 1 and end the following December 31 each year.

## ARTICLE X

### ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and if not paid within sixty (60) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property by action in the manner provided by Wisconsin Statutes Section 779.70, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or community facilities or abandonment of his Lot.

## ARTICLE XI

### PERSONAL PROPERTY FOR COMMON USE

The Association may acquire and hold for the use and benefit of all of the Owners tangible and intangible personal property and may dispose of the same by sale or otherwise. Such beneficial interest shall not be transferable except with the transfer of title to a Lot, provided that an Owner may delegate his right of enjoyment of such personal property to residents of his Lot. A transfer of title to a Lot shall transfer to the transferee ownership of the transferor's beneficial interest in such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Lot under foreclosure shall entitle the purchaser to the beneficial interest in such personal property associated with the foreclosed Lot.

## ARTICLE XII

### SERVICE CONTRACTS

The Board of Directors, on behalf of the Association, may obtain and pay for the service of any persons or entities, to manage corporate affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as Board of Directors shall determine to be necessary or desirable for the proper operation of the Property, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Directors may contract for legal and accounting services necessary or desirable in connection with the operation of the Property or the enforcement of the Declaration. Any agreement for professional management of the Property, or any other contract providing for services by Declarant or any entity owned or controlled by the same persons as Declarant, must provide for the termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and by either party for cause upon thirty (30) days' or less written notice, and shall have a maximum contract term of three years, but may be renewable by agreement of the parties for successive terms.

## ARTICLE XIII

### AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the members, by the vote of 75% of each class of members, provided, that so long as there is Class B membership, the following actions will require the prior written approval (or waiver of this requirement) by the Federal Housing Administration (or the affidavit or Declarant that as of the date of such amendment neither the project nor any part thereof and been submitted to, or had been given project approval by, the Federal Housing Administration): annexation or additional property, mergers and consolidations, dissolution and amendment of these By-Laws.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

