

THE COVE, a Condominium

Bylaws of The Cove Unit Owners Association

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CODE OF BYLAWS

THE COVE UNIT OWNERS ASSOCIATION, INC.

The following Code of Bylaws applies to The Cove, a Condominium, created by a Declaration of Condominium recorded in Volume _____ of Records, beginning at page _____ and a Condominium Plat recorded in Volume _____ of Condominium Plats, beginning at page _____ in the office of the Register of Deeds for Dane County, Wisconsin. These Bylaws incorporate by reference the said Declaration of Condominium and Condominium Plat, the Articles of Incorporation of The Cove Unit Owners Association, Inc. and the Wisconsin Condominium Ownership Act, Chapter 703, Wisconsin Statutes (1977). The Bylaws are intended to provide the structure necessary for the operation and maintenance of the Common Elements of the Condominium, to control and regulate the use and enjoyment of the Condominium for the benefit of all persons authorized to use it, to establish the procedure for the levy and collection of assessments to finance the operations of the Association, and to permit Unit Owners to participate through a democratic structure in this process of maintenance, operation, financing and control.

SECTION I

NAME, FORM OF ADMINISTRATION, ADDRESS

1.01 Name. The name of the Association created herein is The Cove Unit Owners Association, Inc., and is referred to herein as the Association.

1.02 Form of Administration. The Association is incorporated as a Wisconsin non-stock corporation under Chapter 181, Wisconsin Statutes (1977). Policy control of the Association, except as otherwise provided herein, is vested in a Board of Directors to be elected by the members in accordance with Section III hereof. The Manager, retained by the Board of Directors, is responsible for implementation of the policy decisions of the Board and operates under its supervision and control.

1.03 Address. The address of the Association and its principal office is 3100 Lake Mendota Drive, Madison, Wisconsin, 53705.

SECTION II

MEMBERS, RIGHTS AND OBLIGATIONS, MEETINGS

2.01 Members. All Unit Owners in the Condominium are, by the fact of ownership of their Unit, members of the Association. As such they are granted all rights and subject to all obligations of membership as created herein.

- (1) Upon conveyance or other transfer of a Unit Owner's interest in a Unit, the transferor ceases to be a member of the Association and the transferee becomes a member. The Association shall maintain a roster of the names and addresses of all Unit Owners and upon

conveyance or other transfer it shall be the responsibility of the transferee to notify the Association of the information necessary to keep the roster current.

- (2) The Association shall also maintain a roster of holders of security interests in Units and shall provide such notices regarding the Unit encumbered and the Condominium as a Unit mortgagee requests or the law requires. Unit Owners are responsible for providing the information necessary to keep this roster current.

2.02 Annual Meeting. The annual meeting of the Association shall be held on the first (1st) Thursday of November of each year at 8:00 p.m. at a location selected by the Board of Directors.

2.03 Special Meetings. Special meetings may be held at any time on the call of the President or on written request to the Association by owners of not less than 20% interest in the Common Elements. Special meetings held on written request as provided herein shall be conducted within sixty (60) days of the date of receipt of the request unless it specifies a longer period.

2.04 Notice of Meetings. The Secretary of the Association shall give written notice of every meeting to every member at least ten (10) days before the date set for such meeting.

- (1) Content of Notice. The notice shall state whether the meeting is an annual or special meeting, the authority for the call of the meeting, the place, date and hour of the meeting and, where required, the purpose or question to be considered at the meeting.
- (2) Delivery of Notice. The notice shall be given by delivery of a copy to the member personally or by mailing the notice to the member at his address as it appears on the Association's roster, postage pre-paid.
- (3) Failure to Receive Notice. If notice is given as provided hereunder, the failure of any member to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting.
- (4) Holders of Security Interests. Upon written request to the Secretary of the Association, the holder of any recorded security interest in any Unit in the Condominium may obtain a copy of any notice permitted or required to be given by these Bylaws from the date of receipt of the request until such request is withdrawn or the security interest is discharged of record. Notice shall be given to all holders of security interests of proposed amendments to the Declaration.
- (5) Waiver of Notice. The presence of any member in person or by proxy, shall be deemed a waiver of notice as to such member unless such member objects at the opening of the meeting to the holding of the meeting because of failure to give proper notice. Members may waive notice of any meeting in writing to the Secretary.

2.05 Quorum. The presence of a majority of Unit votes whether in person or by proxy constitutes a quorum.

2.06 Voting. Voting is on the basis of Unit votes. Each Unit is entitled to cast one indivisible vote without regard to the number of persons who have an ownership interest in the Unit. The vote for each Unit may be cast as agreed by the persons who have an ownership interest in the Unit and if only one such person is present it is presumed that person has the right to cast the Unit vote unless there is contrary evidence presented. In the event they cannot agree on the manner in which the vote is to be cast no vote may be accepted from that Unit.

- (1) Proxies. A member may give another person authority to represent him and vote on his behalf at meetings of the Association. Such proxy must be in writing, dated and signed by the member, and filed with the Secretary. Except for a proxy to a mortgagee or lessee of the Unit involved, no proxy is valid for more than 180 days after its date, however a member may renew his proxy by filing a new proxy or a renewal of the existing proxy with the Secretary. A proxy may grant full or limited voting rights and may contain instructions, which shall be binding on the proxy holder.
- (2) Representatives. Any personal representative, executor or administrator of the estate of any member, or guardian or trustee for any member, may exercise such member's voting rights. Such person shall file an affidavit or other proof of his status with the Secretary.
- (3) Suspension. Voting rights may be suspended by vote of the Association's Board of Directors in accordance with the Declaration and no person who is not on the Association's roster of Unit Owners may vote unless such person holds a proxy from one who appears on the roster.

2.07 Unanimous Consent Without Meeting. Any action required or permitted by these Bylaws or any provision of law to be taken at a meeting of the Association, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof.

2.08 Adjournment. Any meeting of the Association may be adjourned from time to time and to such place and time as may be determined by a majority vote of those present, whether or not a quorum is present. No further announcement of the time or place of the adjourned meeting is required.

2.09 Order of Business. The order of business at all annual meetings is as follows:

- (a) Roll Call
- (b) Proof of Notice of Hearing

- (c) Proof of Quorum
- (d) Reading of Minutes of Preceding Annual Meeting
- (e) Report of Officers
- (f) Report of Committees
- (g) Election of Board of Directors
- (h) Unfinished Business
- (i) New Business
- (j) Approval of Budget
- (k) Adjournment

The order of business at all special meetings is determined by the President.

2.10 Reserved Rights. Election of directors, amendment of the Bylaws, borrowing funds, acquiring or conveying any interest in real estate, final approval of the annual budget, and levying of special assessments are reserved to vote by the members.

SECTION III

BOARD OF DIRECTORS

3.01 Number and Qualification. The affairs of the Association are governed by a Board of Directors composed of seven (7) directors. All directors must be Unit Owners.

3.02 Election. Directors are elected by Unit votes at the annual meeting of the Association. Those candidates receiving the greatest number of votes from among the candidates running for the available Board positions shall be elected, notwithstanding the fact that they do not receive a majority of the votes cast. Each Unit has one vote for each vacancy on the Board and cumulative voting shall not be allowed.

3.03 Term of Office. The term of office for each director is three (3) years. Directors hold office until their successors are elected and qualified.

3.04 Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of a majority of the remaining directors, even though they may constitute less than a quorum. Each director so elected serves as a director until a successor is elected at the next annual meeting.

3.05 Removal of Directors. Directors may be removed for cause by a majority of the Unit votes at any annual or special meeting, notice of which includes notice of the proposed removal.

3.06 Compensation. No compensation shall be paid to directors for their services as officers or directors.

3.07 Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Association. No notice is necessary to newly-elected directors in order legally to constitute such meeting, provided that a quorum of the directors is present.

3.08 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly. The time, place and manner of such regular meetings shall be as determined from time to time by resolution of the directors.

3.09 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The time, place and manner of such meetings is determined by the President.

3.10 Notice. Notice of all meetings of the Board of Directors must be given to each director, personally, or by mail, at least three (3) days prior to the date of such meeting.

3.11 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 is deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board is 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 is required and any business may be transacted at such meeting.

3.12 Unanimous Consent Without Meeting. Any action required or permitted by these Bylaws of any provision of law to be taken by the Board of Directors at a meeting may be taken without a meeting, if a consent in writing, setting forth the action taken, is signed by all of the directors then in office.

3.13 Quorum. At all meetings of the Board of Directors, a majority of the directors constitutes a quorum for the transaction of business, and the act of the majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors. If, at any meeting of the Board of Directors, there is 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.

3.14 Open Meetings. Any Unit Owner may attend any annual, regular or special meeting of the Board of Directors.

3.15 Committees. The Board of Directors may by resolution designate one or more committees, each committee to include one or more directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and thereafter amended, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Condominium. The Board of Directors may elect one or more of its members to alternate membership of any such committee and such alternate members may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting.

3.16 Powers and Duties. The Board of Directors may exercise all powers of the Association not specifically reserved to the members and is responsible for establishing policies for the Association in pursuance of its purposes and

supervision of the implementation of these policies by the Manager. The Board of Directors shall retain the Manager.

- (1) Rules. The Board of Directors shall adopt Rules for the regulation of the use and enjoyment of the Condominium.
- (2) Delinquencies. The Board of Directors may set a delinquency charge, stated in terms of a percentage rate not to exceed one percent (1%) per month, on delinquent payments of regular or special assessments.
- (3) Insurance. Hazard insurance maintained by the Association must be maintained with an insurer licensed in Wisconsin and rated Best's Class VI or better, or Class V if it has a general policyholder's rating of A. Policies may not be subject to contribution or assessment, to special corporate action by the carrier to authorize payment of benefits or to limiting clauses other than insurance conditions on payment of benefits. The insurance maintained by the Association must provide at least ten (10) days' notice to Unit mortgagees or their assigns before a policy is reduced or cancelled.

SECTION IIIA

INTERIM CONTROL

3A.01 Scope. This Section controls operation of the Association during the period prior to the sale of all Units by Declarant to Unit Owners. So long as any subsection of this Section is in effect, that subsection supercedes all contrary provisions of these Bylaws.

3A.02 Declarant Powers. So long as this subsection is in effect Declarant has and may exercise all powers reserved by the Bylaws to the members or granted by the Bylaws to the Board of Directors.

3A.03 Board of Directors. So long as this subsection is in effect the Board of Directors shall consist of three (3) directors, two (2) appointed by Declarant and one (1) elected for a term of one year or until the turnover date. The elected director shall be elected by and from among those persons owning Units or having the status of Buyer under an accepted Offer to Purchase a Unit. Election procedures for the elected member may be established by Declarant. Appropriate subsections of Section III apply to the operation of the Board.

3A.04 Turnover Date. Control of the Association shall be turned over from Declarant to a Board of Directors elected by the Unit Owners no later than thirty (30) days after conveyance to Unit Owners of Units aggregating 75% of the total interests in the Common Elements. Declarant may advance the turnover date.

3A.05 Assumption of Control. Within 45 days after the turnover date the Association shall meet to elect directors under Section III hereof. Of the direc-

tors then elected, three (3) shall serve for a term of three (3) years and two (2) each for two (2) and one (1) years, the terms to be determined by lot.

3A.06 Exemption. Until all Units have been sold by Declarant, Declarant is exempt from the restrictions contained herein and the Rules adopted hereunder.

3A.07 After Turnover. Following turnover date Declarant retains the right to name one voting member to the Board of Directors until all Units have been sold by Declarant. During this period the Board of Directors shall consist of eight (8) rather than seven (7) members.

3A.08 Amendments. No amendments to these Bylaws may amend this Section without the consent of Declarant.

3A.09 Termination. Subsections 3A.02-3A.04 are in effect until the turnover date. Subsections 3A.01 and 3A.05-3A.09 are in effect until Declarant has conveyed all Units to Unit Owners. Upon termination of a subsection it shall be automatically deleted from these Bylaws.

SECTION IV

OFFICERS

4.01 Designation. The principal officers of the Association are a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected from the Board of Directors, and an Assistant Secretary/Treasurer who is an employee of the Manager.

4.02 Election of Officers. The officers of the Association, except the Assistant Secretary/Treasurer who is appointed by the Manager, are elected at the annual meeting of the Board of Directors.

4.03 Term. The officers of the Association hold office for a term of one year.

4.04 Removal of Officers. Any elected officer may be removed, with or without cause, by a majority vote of the Directors at any annual, regular or special meeting of the Board, notice of which includes notice of the proposed removal.

4.05 Vacancies. A vacancy in any principal office shall be filled by the Board of Directors.

4.06 President. The President is the principal officer of the Association. He presides at all meetings of the Association and of the Board of Directors, and has all of the powers and duties set forth in these Bylaws or delegated to him by the Board of Directors.

4.07 Vice President. The Vice President takes the place of the President and performs his duties whenever the President is absent or unable to act. If

neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

4.08 Secretary. The Secretary supervises the taking, preparation and preservation of minutes of all meetings of the Board of Directors or of the Association, causes all notices required by these Bylaws to be given, certifies copies of the organizational and operational documents of the Condominium, as amended from time to time, upon request and executes other certificates on behalf of the Association, and has other powers and duties as may be delegated to him in the Declaration, by these Bylaws, or by the Board of Directors.

4.09 Treasurer. The Treasurer supervises the keeping of the financial books and records of the Association, causes appropriate notices relating to Common Expenses of the Condominium to be given, supervises the collection of amounts due the Condominium and their application under the Declaration, Bylaws and policies established by the Board of Directors, and has such other powers and duties as may be delegated to him by these Bylaws or by the Board of Directors.

4.10 Assistant Secretary/Treasurer. The Assistant Secretary/Treasurer performs all operational functions of the offices of Secretary and Treasurer under the supervision of such officers, serves as teller to count votes at Association meetings, and has such other powers and duties as may be delegated to him by the Board of Directors.

SECTION V

ASSESSMENTS

5.01 Common Expenses. All expenditures for the operation, maintenance, repair and restoration of the Common Elements and for the operation of the Association are Common Expenses to be shared proportionately by the Unit Owners as set forth in the Declaration.

5.02 Regular Assessments. Regular assessments are those based upon the annual budget of the Condominium prepared by the Manager, adopted by the Board of Directors and approved by the members.

(1) Budget. The budget for the forthcoming year shall be adopted by the Board of Directors and distributed with the notice of the annual meeting of members. The members may approve or disapprove the budget in whole but may not amend it. If disapproved, the budget shall be returned to the Board of Directors for further consideration and a special meeting of the members called to approve it before the beginning of the fiscal year.

(2) Assessments. Once the budget is adopted, the Manager shall allocate to the Units their proportionate share and give notice of the amount due from each Unit which shall be expressed both as an

annual amount and in twelve (12) equal monthly installments. The monthly installments are delinquent if not paid before the fifth (5th) day of the month.

5.03 Special Assessments. If unbudgeted expenses for which no reserve has been created are incurred, the members shall hold a special meeting to levy a special assessment to pay these expenses. The special assessment may be in such amount, due and payable at such time and on such terms as the members determine.

5.04 Collection. The Association has all powers given by law, the Declaration or these Bylaws to effect collection of the assessments hereunder.

SECTION VI

ACCOUNTS; FINANCES

6.01 Accounts. The Association shall maintain such books and records and establish such financial accounts as required by law and as may be necessary accurately to reflect the condition and actions of the Association. Such books and records are open to inspection by all Unit Owners.

6.02 Audit. The Board of Directors may establish an audit committee, containing at least one Unit Owner who is not a director, to audit the accounts of the Association.

SECTION VII

LIABILITY OF OFFICERS

7.01 Exculpation. No director or officer of the Association, in his capacity as director or officer rather than as a Unit Owner, is liable for acts or defaults of any other director, officer or Unit Owner or for any loss sustained by the Association or any member thereof, unless the same has resulted from his own willful misconduct or negligence. Nothing contained in this Section exempts such director or officer from the liabilities and obligations of Unit Owners as provided by these Bylaws.

7.02 Indemnification. Every director and officer of the Association shall be indemnified by the Association against all reasonable costs, expenses, and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with the claim, action, suit proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his having been a director or officer of the Association at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties; or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification is in addition to and not in limitation of all rights

to which such persons may be entitled as a matter of law and inures to the benefit of the legal representatives of such person. The Association may insure its obligations under this subsection.

SECTION VIII

FISCAL YEAR

8.01 Fiscal Year. The fiscal year of the Association begins on the first day of January in each year and ends on the last day of December of the same year.

SECTION IX

AMENDMENT

9.01 Amendment. Except as otherwise provided herein, these Bylaws may be amended from time to time by affirmative vote of two-thirds (2/3) of the Unit votes at a meeting duly called for the purpose. Any portion of these Bylaws that merely reflect or give priority to the Declaration may not be amended unless the Declaration is similarly amended.

SECTION X

INTERPRETATION

10.01 Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect.

10.02 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws, or the intent of any provision thereof.

10.03 Gender; Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.
