

BY-LAWS

THE TIMBERS AT CHRISTMAS MOUNTAIN ASSOCIATION

I
DEFINITIONS

(a) Declaration. The term "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for The Timbers at Christmas Mountain made by Dellona Enterprises, Inc. and dated the 20th day of July, 1989, and as the same may be amended from time to time.

(b) Capitalized words. The capitalized words herein shall have the same meanings as contained in the Declaration.

(c) Member. The term "Member" shall mean an Owner of an Undivided Interest. Member classes for purposes of rights to use of the Property are as provided in the Declaration.

II
LOCATION

The principal office of the Association shall be located at Christmas Mountain Village, Wisconsin Dells, Wisconsin and notices to the Association may be addressed to The Timbers at Christmas Mountain, Christmas Mountain Village, Wisconsin Dells, Wisconsin 53965.

III
BOARD OF DIRECTORS

The affairs of the Association shall be managed by a board composed of three (3) directors. Members other than Declarant shall have the right to elect a member of the board of directors as provided in the Articles of Association. The Members shall, at their first meeting after the power of the Declarant to appoint all directors has terminated, elect a director for a term of one (1) year. At each annual meeting thereafter, the Members shall elect a director for a one (1) year term. At such time as Members other than Declarant have the right to elect a majority of the members of the board of directors of the Association, the term of office for each director shall be the number of years equal to the number of directors elected by such members other than the Declarant provided that at least one director's term of office shall end each year and at least one director shall be elected at each annual meeting of the Association. Except for directors who may be appointed by the Declarant, directors must be owners at all times during their service as directors, and any director who ceases to be an Owner shall be deemed to have disqualified himself or herself from continuing in office. In the event of joint ownership of an undivided interest, only one such Owner shall be authorized to serve on the board of directors at any one time. Moreover, notwithstanding the foregoing, the spouse of an Owner may serve on the board of directors, despite the fact that such spouse might not be determined an Owner on the basis of a recorded deed or other conveyance; provided, if one spouse is on the board, the other shall not be qualified to be a board member. Any positions on the board of directors not filled by directors elected by the members may be filled by appointees of the Declarant. At every election of directors, the person receiving the largest number of votes shall be elected to the position. At such election, the Members may, in person or by proxy, cast, in respect of each vacancy, as many votes as they are entitled to exercise pursuant to the Declaration. There shall be no cumulative voting for members of the board of directors.

Nominations for election to the board of directors shall be made by the board of directors or an appointed nominating committee. Nominations may also be made from the floor at the annual meeting of Members. The board of directors (or nominating com-

mittee) shall make as many nominations for election the board of directors as it shall, in its discretion, determine, but not less than the number of vacancies to be filled.

Any director elected by the Members may be removed from the board, with or without cause, by a majority vote of the Members voting at a meeting duly called for such purpose. Directors appointed by the Declarant may be removed only by the Declarant. A special meeting of the Members shall be called for the purpose of proposing a removal of a director elected by the Members whenever requested in writing by at least twenty-five percent (25%) of the Members. In the event of the death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the board if elected by the Members and shall serve for the unexpired term of his predecessor. Directors who were appointed by the Declarant may only be removed by the Declarant.

Declarant has reserved and does hereby further reserve the power to appoint, remove and replace the members of the board of directors of the Association as provided in the Declaration and the Articles of Association.

III DIRECTOR'S MEETINGS

1. Time. Meetings of the board of directors shall be held at such times as shall be deemed necessary by the board of directors to conduct the business of the Association. At least one (1) regular meeting of the board of directors shall be held each year.
2. Special Meetings. Special meetings of the board of directors shall be held when called by any director after not less than ten (10) days notice to each other director.
3. Place. Meetings of the board of directors shall be held at the Association's principal office or at any other place that is agreed upon by a majority of the directors.
4. Action Without Meeting. Any action which might be taken at a meeting of the board of directors may be taken without a meeting if authorized by a writing or writings signed by all of the directors.
5. No Compensation. Directors shall serve without compensation, but shall be entitled to reimbursement from the Association for all expenses reasonably incurred in connection with the performance of their duties.
6. Quorum. No business of the board of directors may be transacted at a meeting unless a quorum is present. A quorum shall be deemed present only at such time or times as persons entitled to cast more than fifty percent (50%) of the votes in the board of directors are present. Members of the board of directors may participate in a meeting by means of conference, telephone, or similar communications equipment through which all persons participating in a meeting can hear each other and talk to all other participants of the meeting. Attendance pursuant to this provision shall constitute presence at such meeting.
7. Waiver of Notice. Any director may waive notice of a meeting of the board of directors by signing a waiver of notice, in person, either before or after the meeting. Attendance of a director at a meeting in person, shall of itself constitute waiver of notice of the time, place and purpose of the meeting, or the manner in which it has been called or convened, unless such director specifically objects to the lack of proper notice of the time or place of the meeting or the manner in which it has been called or convened at the beginning of the meeting, or to the lack of proper notice of the purpose of the meeting before the business, as to which the lack of proper notice is claimed, is put to a vote.

8. Voting. Each director shall have one vote. The affirmative vote of more than a majority of the directors present at a meeting at the board of directors at which a quorum shall be present shall be the act of the board of directors.

9. Conduct of Meetings. Meetings of the members of the board of directors shall be conducted pursuant to the then current edition of Roberts Rules of Order, except to the extent that the same conflict with any provisions of the Declaration, the Articles of Association, these By-Laws, or resolutions of the presiding officer at the board meeting. The president of the Association shall preside over all meetings of the board of directors, unless absent, in which case the vice president shall preside. The secretary of the Association shall keep a minute book recording all business transacted and the resolutions adopted at all meetings of the board of directors.

10. Adjournment. Any meeting of the board of directors, whether or not a quorum is present, may be adjourned from time to time by the vote of more than fifty percent (50%) of the directors present at the meeting. It shall not be necessary to give any notice of the reconvened meeting, if the time, place and purpose of such meeting is announced at the time of adjournment.

11. Composition. Except for directors appointed by the Declarant, each director shall be an owner or the spouse of an owner; provided, no husband and wife shall simultaneously serve.

IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. Powers. The board of directors shall have the following powers:

(a) To call special meetings of the Members whenever it deems necessary or when required pursuant to these By-Laws;

(b) To appoint and remove at its pleasure, except as otherwise specifically set forth herein, all officers, agents and employees of the Association, and to prescribe their duties;

(c) To establish, assess and collect the assessments or charges as may be authorized to be collected by the Association in accordance with the terms of the Declaration;

(d) To establish and publish uniform rules and regulations for the use of The Timbers at Christmas Mountain, and the conduct of persons thereon;

(e) To exercise for the Association all powers, duties and authority vested in or delegated to the Association;

(f) To issue membership cards to Members, if the board of directors deems such action necessary to assure proper control and identification.

2. Duties. The board of directors shall have the following duties:

(a) To cause to be kept a complete record of all of its acts and affairs;

(b) In connection with all assessments or charges as the board of directors may be authorized to collect in accordance with the terms of the Declaration:

(1) To prepare a roster of the names and addresses of all owners which shall be kept in the office of the Association and shall be open to inspection.

tion by any Member, at any time during normal business hours; and

(ii) To fix the amount of each assessment and to establish a schedule of payment for any such assessment or special assessment.

(c) To issue, or cause an appropriate office to issue, upon request of any Owner, a written certificate setting forth any delinquent assessments with respect to such owner's undivided interest as provided in the Declaration.

V OFFICERS

1. General. The officers of the Association shall consist of a president, who shall at all times be a member of the board of directors, a vice president, a secretary and a treasurer.

2. Election. The officers of the Association shall be elected annually by the board of directors and each shall hold office for a term of one (1) year. The election of the officers shall take place at the first meeting of the board of directors following each annual meeting of the Members.

3. Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time by giving written notice to the president or the secretary. A vacancy in any office shall be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

4. Same Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices. Except for officers appointed by the Declarant, each officer shall be an owner or a spouse of an owner at all times during their tenure as officers; provided, no husband and wife shall simultaneously serve.

5. President. The president shall preside at all meetings of the Members and of the board of directors and shall see that orders and resolutions of the board of directors are carried out, and sign all notes, checks, leases, mortgages, contracts, deeds and other written instruments.

6. Vice President. The vice president shall perform all the duties of the president in the absence of the president and such other duties as the board of directors may from time to time direct.

7. Secretary. The secretary shall be ex officio the secretary of the board of directors; shall record the votes and keep the minutes of all proceedings in a book to be kept for this purpose; and shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association, together with their addresses as registered by such Members.

8. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association as received by the Association other than monies received by any management agent. The treasurer shall disburse such funds as directed by resolution of the board of directors; provided, however, a resolution of the board of directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the board. The treasurer shall keep proper books of account and, together with any management agent, shall prepare an annual budget and an annual income statement. The said budget and balance sheet statement shall be presented to the Members at the regular annual meeting thereof.

9. Management Agent. Despite the foregoing, the board may resolve to hire a management agent for the Association who may be given such powers of officers as the management contract might provide.

10. No Compensation. Officers (which does not include the management agent, if any) shall serve without compensation but shall be entitled to reimbursement from the Association for all expenses reasonably incurred in connection with the performance of their duties.

11. Execution of Contracts. The board of directors, except as may be otherwise provided in these By-Laws, may authorize, by specific or general resolution, any officer or officers, agent or agents to enter into any contract or to execute any instrument or document in the name of and on behalf of the Association. Unless otherwise specifically resolved by the board of directors or otherwise required by law, formal contracts, promissory notes and other evidence of indebtedness, deeds of trust, mortgages and other corporate instruments or documents requiring the execution by the corporation shall be executed, signed or endorsed by any officer and attested by any other officer.

VI MEETINGS OF THE MEMBERS

1. Regular Meetings. The regular annual meeting of the Members shall be held on the first Saturday of April in each year, commencing April, 1991.

2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the president or the board of directors and shall be called upon the request of at least one-third (1/3) of the Members.

2. Notices. Notice of any meeting shall be given to the Members by the secretary. Notice may be given to the Members by posting at the registration desk at The Timbers at Christmas Mountain, by giving to the Member personally or by sending a copy of the notice through the mail, postage prepaid, to the Member's address appearing on the books of the Association. Each Member shall register his address with the secretary, and notices of the meetings shall be mailed to him or her at such address. Notice of any special meeting shall be posted, delivered or mailed not less than ten (10) nor more than fifty (50) days before the meeting, excluding the day of the meeting, and shall set forth in general the nature of the business to be transacted. Ten percent (10%) of the Members shall constitute a quorum for the transaction of business at any annual or special meeting of the Members. The vote of a majority of the Members voting in person or by proxy at a duly called meeting of the Members shall constitute the action of the Members. Attendance at a meeting in person or by proxy shall constitute waiver of notice unless attendance is solely for the purpose of objecting to notice, as given. In addition, any owner may waive notice of a meeting of the Members of the Association by signing a waiver of notice, in person or by proxy, either before or after such meeting.

3. Proxies. All proxies shall be in writing and filed with the secretary. Every proxy shall automatically cease at the time the Member granting the proxy ceases to be a Member of the Association or at any time said Member's membership rights are suspended.

4. Place of Meeting. Meetings of the Members of the Association shall be held at Christmas Mountain Village, or any place within reasonable proximity to Christmas Mountain Village, as may be designated by the board of directors and specified in a notice, or, when applicable, in the waiver of the notice of such meetings.

5. Voting. Each owner of an undivided interest in the resort shall be allocated one (1) vote which shall be equal with the vote allocated to each other undivided interest. Each owner shall be entitled to cast a vote appertaining to that undivided interest. If an undivided interest is owned by more than one person and only one of those persons is present at a meeting of the Association, that person shall be entitled to cast a vote appertaining to the undivided interest; however, if an owner consists of more than one person and if more than one of those persons is present, the vote appertaining to that undivided interest shall be cast only by the person designated in writing by the joint owners to the Association as the Member, or as unanimously agreed to by all of the owners of the undivided interest. In the event that any joint owners have failed to designate in writing to the Association an individual who shall be deemed to be a Member of the Association or if there is a dispute concerning the identity of such individual which is brought to the attention of the person presiding over the meeting at the beginning of such meeting, or if all owners do not consent as to how such vote shall be exercised, none of such owners' attempted votes shall be counted for any purpose until a proper designation has been made, any dispute has been resolved to the satisfaction of the person presiding over the meeting, or unanimous consent of all such owners has been evidenced. During any period in which an owner is in default in the payment of any amount due and owing the Association or the Declarant, the vote appertaining to that undivided interest shall not be counted for any purpose, including quorum.

6. Conduct of Meetings. Meetings of the Members of the Association shall be conducted pursuant to the then current edition of Roberts Rules of Order, except to the extent that such rules conflict with the provisions of the Declaration, the Articles of Association, these By-Laws, or rulings of the presiding officer at such meeting. The president, or in his absence the vice president, of the Association shall preside over every meeting of the Members of the Association unless both are absent, in which case some other person may be elected to serve as chairperson by a vote of the majority of the directors.

7. Adjournment. Any meeting of the Members of the Association, whether or not a quorum is present, may be adjourned from time to time by the vote of not more than fifty percent (50%) of the owners represented in person and in proxy at such meeting. It shall not be necessary to give any notice of the reconvened meeting if the time, place and purpose of such meeting are announced at the time of adjournment.

VII BOOKS AND RECORDS

The books, records and papers of the Association shall be subject to inspection by any Member, at all times, during normal reasonable business hours, unless any item is resolved by the board to be of a sensitive or confidential nature, in which case such item or items may be withheld from inspection.

VIII INDEMNIFICATION

The Association shall indemnify any person who was or is a party or has threatened to be made a party to a threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administration or investigative, by reason of the fact that he or she is or was a director, officer or agent of the Association, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable

cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or a plea of no contest or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful. Where such suit or action is one brought by or on behalf of the Association to procure a judgment in its favor, then no indemnification shall be made in respect of any claim, issue or matters as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless, and only to the extent that, the court in which such action or suit was brought shall upon application that despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the manner set forth above upon receipt of an undertaking by or on behalf of the director, officer or agent of the Association to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized herein. The indemnification provided herein shall continue as to a person who has ceased to be a director, officer or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which any officer, director or agent of the Association may be entitled by contract or otherwise under law.

IX AMENDMENTS

These By-Laws may be amended by a majority vote of the board of directors of the Association; provided, that so long as Declarant is a member of the Association, no amendment to these By-Laws shall occur unless consented to, in writing, by the Declarant.

X DECLARATION CONTROLLING

In case of any conflict of the provisions of these By-Laws and the provisions of the Declaration, the provisions of the Declaration shall be controlling.

XI RIGHTS OF MORTGAGEES

1. General. All mortgagees of an undivided interest and land contract vendors shall have the rights set forth in these By-Laws in addition to any and all rights set forth in the Declaration, the Articles of Association, or any applicable law.

2. Notices. Any holder of a land contract vendor's interest or first lien mortgage, upon request, shall be entitled to receive from the Association (i) an annual financial statement of the Association, certified by the person preparing it within ninety (90) days following the end of the fiscal year of the Association, (ii) written notice of all regular and special meetings of the Members of the Association, to be given by the secretary no later than the date upon which notice of any such

meeting is required to be given to the Members of the Association under these By-Laws, (iii) timely written notice of the occurrence of any substantial damage or destruction of The Timbers at Christmas Mountain, (iv) timely written notice of any proceedings or other actions with respect to taking a substantial portion of The Timbers at Christmas Mountain in condemnation, eminent domain, or other proceedings or actions involving a governmental entity or any other person having the power of eminent domain, and (v) written notification of any default in the performance of an owner, on whose undivided interest such land contract vendor or mortgagee shall hold a lien, or of an obligation under the Declaration or these By-Laws that is not cured by such owner within sixty (60) days from the date of such default.

3. Consent to Amendment. The rights of mortgagees and land contract vendors provided in this Article shall not be amended without the prior written approval of two-thirds (2/3) of holders of land contracts or first lien mortgages encumbering undivided interests in the property (based on one vote for each lien then existing).

4. Insurance. For the benefit of such holder of first deeds of trust, and notwithstanding any other provisions of the Declaration, the Association shall maintain in effect at all times at the common expense of the Association, the types of insurance coverage required by the Declaration and such other insurance as may be required by other law or deemed appropriate by the board of directors from time to time.

XII GENERAL POLICIES AND GUIDELINES

1. Adoption and Amendment. Notwithstanding any of the provisions of these By-Laws to the contrary, the board of directors shall have the right, from time to time, to promulgate general policies and guidelines governing the use of the facilities of the Property, to amend any existing policies and guidelines governing such use, to enforce any such policies and guidelines, and to establish penalties for the violation of any such policies and guidelines. The board of directors shall deliver to each owner a copy of all such policies and guidelines or amendments thereto, or shall otherwise publish such guidelines at a conspicuous place within The Timbers at Christmas Mountain such as fastening of such policies and guidelines or amendments thereto within each of the accommodations and at the central reservation desk located at Christmas Mountain Village.

2. Suspension of Membership Privileges. All Members recognize that by the very nature of the Property, a close cooperation among Members is necessary for every one to benefit from the use and enjoyment of the Property. In order to insure such cooperation, all members agree that the rights of the owners relating to The Timbers at Christmas Mountain and the Association shall be subject to suspension in accordance with the provisions of this Article.

3. Suspension for Nonpayment. During such time as an owner is in default of the payment of any sums due and owing the Association, all such owner's rights relating to The Timbers at Christmas Mountain and the Association, including without limitation, such owner's right to vote in meetings of the Members of the Association and such owner's rights to use the facilities of the Property shall be automatically suspended and shall remain suspended until all sums due and owing by the owner to the Association have been paid in full.

4. Suspension for Violation of General Policies. All of an owner's rights relating to the Property and the Association, including, without limitation, such owner's rights to vote in meetings of the Members of the Association and such owner's right to use the facilities of the Property may be suspended by a majority vote of the board of directors in the event that such

owner or any guest of such owner shall fail to comply with the policies and guidelines promulgated from time to time by the board of directors. No suspension of an owner's rights under this section shall become effective until the said owner has been provided at least ten (10) days prior written notice of such action addressed to such owner at his address as shown in the books and records of the Association. Such written notice shall contain the date, time and place of the meeting of the board of directors at which such suspension shall be considered, the reason that the suspension has been recommended, and shall state that the owner has the right to be heard in opposition to such suspension either in writing or orally at such meeting of the board of directors.

5. Notice of Transfer of Undivided Interest. Any owner who shall sell or otherwise grant a fee simple interest in an undivided interest in which he has a fee interest shall promptly give the secretary of the Association written notice of such sale or grant, which notice shall set forth the name and address of such purchaser or grantee.

6. Record Date. The board of directors may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meetings of the Members. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting. When a record date is fixed, only members of record on that date shall be entitled to notice of and vote at the meeting, notwithstanding any transfer of an undivided interest after the record date.

7. Fiscal Year. The fiscal year for the Association shall begin on the first day of June of each year; provided, however, that the board of directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time or times as the board of directors deems it advisable.

IN WITNESS WHEREOF, the undersigned, being all of the initial directors of The Timbers at Christmas Mountain Association do hereby adopt these By-Laws this 20 day of July, 1989.

THE TIMBERS AT CHRISTMAS MOUNTAIN ASSOCIATION

By: [Signature] Director

By: [Signature] Director

By: [Signature] Director