

BY-LAWS OF EAST BLUFF HOMEOWNERS' ASSOCIATION

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ARTICLE I

PLAN OF UNIT OWNERSHIP

SECTION 1. UNIT OWNERSHIP. The project located at Northport Drive and Sherman Avenue, City of Madison, State of Wisconsin, known as "East Bluff Townhouses" is submitted to the provisions of the Wisconsin Unit Ownership Act.

SECTION 2. BY-LAWS APPLICABILITY. The provisions of these By-laws are applicable to the project. (The term "project" as used herein shall include the land.)

SECTION 3. PERSONAL APPLICATION. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-laws, and to the Regulatory Agreement, attached as Exhibit C: to the recorded Enabling Declaration Establishing a Plan for Condominium Ownership (hereinafter referred to as "Enabling Declaration"). The mere acquisition or rental of any of the family units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-laws and the provision of the Regulatory Agreement are accepted, ratified, and will be complied with.

SECTION 4. INITIAL ORGANIZATION. Notwithstanding any provisions set forth in these By-laws to the contrary, until the consummation of the sale and purchase of 51% of the units in the project, the Kohl Corporation shall designate a Board of Directors consisting of three persons who shall have all of the rights and powers reserved to the Board of Directors under these By-laws. At such time as the sale and purchase of 51% of the units has been consummated, a special meeting of the owners shall be called, at which time the Directors appointed by the Kohl Corporation shall tender their resignations and a new Board of Directors composed of five persons shall be elected in accordance with the provisions of Article IV of these By-laws.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

SECTION 1. VOTING. Voting shall be on a percentage basis and the percentage of the voting to which the owner is entitled is the percentage assigned to the family unit or units in the Enabling Declaration.

SECTION 2. MAJORITY OF OWNERS. As used in these By-laws, the term "majority of owners" shall mean those owners holding 51% of the votes in accordance with the percentage assigned in the Enabling Declaration. So long as any of the units are owned by the Kohl Corporation, it shall be deemed for the purpose of these By-laws to be an owner with respect to each of said units so owned by it and shall be entitled to exercise the voting rights as established in the Enabling Declaration with respect to each of said units.

SECTION 3. QUORUM. Except as otherwise provided in these By-laws, the presence in person or by proxy of twenty-five percent (25%) of the owners, as defined in "Section 4" of this Article shall constitute a quorum at any annual or special meeting of the Association.

SECTION 4. OWNER AND OWNERS. As used in these By-laws the term "owner" or "owners" shall mean those persons who are the holders of record title to any family unit or units of the East Bluff Townhouses pursuant to the "Enabling Declaration Establishing A Plan For Condominium Ownership" heretofore established by the Kohl Corporation.

SECTION 5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of such meeting.

ARTICLE III

ADMINISTRATION

SECTION 1. ASSOCIATION RESPONSIBILITIES. The owners of the units will constitute the East Bluff Homeowners' Association (hereinafter referred to as the "Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensations of the management agency. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

SECTION 2. PLACE OF MEETINGS. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

SECTION 3. ANNUAL MEETINGS. The first annual meeting of the Association shall be held on March 9, 1971. Thereafter, the annual meetings of the Association shall be held on the second Tuesday of March each succeeding year. At such meetings there shall be elected by ballot of the owners, a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-laws. The owners may also transact such other business of the Association as may properly come before them. Under special circumstances, such as states of emergencies, natural disasters, or pandemics, or where local, state, or federal laws do not permit the mass gatherings of people, the annual meeting may be postponed, held virtually, or by proxy vote on time critical items until such time when mass gatherings are once again reasonable and permitted.

SECTION 4. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by fifteen percent (15%) of the owners and having been presented to the Secretary. The 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 or 80%) of the owners present, either in person or by proxy.

SECTION 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least five (5) but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

SECTION 6. ADJOURNED MEETINGS. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

SECTION 7. ORDER OF BUSINESS. The order of business at all meetings of the owners of units shall be as follows:

- a) Roll call
- b) Proof of notice of meeting or waiver of notice
- c) Reading of minutes of preceding meeting
- d) Reports of officers
- e) Report of committees
- f) Election of inspectors of election
- g) Election of directors
- h) Unfinished business
- i) New business

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors composed of five persons, all of whom must be owners of units in the project.

SECTION 2. POWERS AND DUTIES. The Board of Directors shall have the powers of duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or these By-laws directed to be exercised and done by the owners.

SECTION 3. OTHER DUTIES. In addition to duties imposed by these By-laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- a) Care, upkeep and surveillance of the project and the common areas and facilities and the restricted common areas and facilities.
- b) Collection of monthly assessments from the owners.
- c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities and the restricted common areas and facilities.

SECTION 4. MANAGEMENT AGENT. The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

SECTION 5. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, the director shall hold office until the successor has been elected and the Board members hold their first meeting.

SECTION 6. VACANCIES. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

SECTION 7. REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

SECTION 8. ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

SECTION 9. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

SECTION 10. 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 or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided) 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 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 shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice 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 12. BOARD OF DIRECTORS' QUORUM. At all meetings of the Board of Directors, a majority of the Directors 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. 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 13. FIDELITY BONDS. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

ARTICLE V

OFFICERS

SECTION 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

SECTION 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

SECTION 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and the successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

SECTION 4. PRESIDENT. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The president shall have all the general powers and duties which are usually vested in the office of president of an Association, including, but not limited to, the power to appoint committees from among the owners from time to time as the President may at his/her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be 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 so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors.

SECTION 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary.

SECTION 7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

SECTION 1. ASSESSMENTS. All owners are obligated to pay monthly assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, or other hazard. The assessments shall be made pro rata according to the value of the unit owned, as stipulated in the Enabling Declaration. Such assessments shall include monthly payments to a General Operating Reserve and a Reserve Fund for Replacements as required in the Regulatory Agreement attached as Exhibit "C" to the Enabling Declaration.

a) The base for the aforementioned monthly assessment shall be as follows: \$25.00 for a two bedroom, \$28.00 for a three bedroom. This base shall be used for assessment purposes:

b) After the Board of East Bluff Homeowners Association has determined the needs of the Association, the Board shall have the right to adjust the monthly assessment to a maximum in conformity with the Consumer Price Index (CPI) published by the United States Department of Labor, specifically the CPI for urban wage earners and clerical workers, U.S. city average, all items, unadjusted for seasonal variation, using the aforementioned base for this purpose.

c) Notwithstanding the previous paragraph (b) the Association may at any duly constituted meeting by a vote of 75 percent of the homeowners represented at that meeting, change the base as stated in the aforementioned paragraph (b) or the monthly assessment to meet and conform with the financial needs of the Association.

d) Any assessment not paid shall bear interest at the highest rate permitted by law.

SECTION 2. MAINTENANCE AND REPAIR.

- a) Every owner must perform promptly all maintenance and repair work within his/her own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his/her failure to do so may engender.
- b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.
- c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damages through his/her fault.

SECTION 3. USE OF FAMILY UNITS-INTERNAL CHANGES.

- a) All units shall be utilized for residential purposes only.
- b) An owner shall not make structural modifications or alterations in his/her unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within 30 days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

SECTION 4. USE OF COMMON AREAS AND FACILITIES AND RESTRICTED COMMON AREAS AND FACILITIES. Common facilities shall under no circumstances be used for storage of personal property or for discarding unwanted items. Such objects as lawn chairs shall be placed so as to give due consideration for the convenience of other residents and shall be removed at nightfall. Any large gatherings such as yard sales, barbecues and parties require prior Board of Directors approval.

SECTION. 5. RIGHT OF ENTRY.

- a) An owner shall grant the right of entry to the Management Agent or any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his/her unit, whether the owner is present at the time or not.
- b) An owner shall permit other owners, or their representatives, when so required, to enter his/her unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of emergency, such right of entry shall be immediate.

SECTION 6. RIGHT OF CONDUCT.

- a) No resident of the project shall post any advertisements, or posters of any kind in or on the project except as authorized by the Association.
- b) Residents shall exercise care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents. Keeping domestic animals will abide by the Municipal Sanitary Regulations.
- c) It is prohibited to hang garments, rugs, etc from the windows or from any of the facades of the project.
- d) It is prohibited to dust rugs, etc., from the windows or clean rugs, etc., by beating on the exterior part of the project.
- e) It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in the service areas.
- f) No owner, resident or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, etc., on the exterior of the project or that protrude through the walls or the roof of the project except as authorized by the Association.

ARTICLE VII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

SECTION 1. BY-LAWS. These By-laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by 75% of owners represented in person or by proxy at any annual or special meeting at which By-law amendments are to be considered.

SECTION 2. NOTICE REQUIRED. No By-law amendment shall be considered at any annual or special meeting, unless the proposed amendment shall have been included in the notice for such meeting. Proposed By-law amendments may be submitted by the Board of Directors or by petition of 10% of the owners and presented to the Board of Directors for submission to the membership at an annual or special meeting.

ARTICLE VIII

MORTGAGES

SECTION 1. NOTICE TO ASSOCIATION. An owner who mortgages his/her units shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, the name and address of this mortgagee; and the Association shall maintain such information in a book entitled "Mortgages of Units."

SECTION 2. NOTICE OF UNPAID ASSESSMENTS. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

ARTICLE IX

COMPLIANCE

These By-laws are set forth to comply with the requirements of the Wisconsin Unit ownership Act. In case of these By-laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.