

BYLAWS
OF
THE PRESERVE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND PURPOSE

Section 1.01. The name of this Wisconsin non-stock corporation shall be The Preserve Homeowners Association, Inc. (the “Association”).

Section 1.02. The purposes for which the corporation is formed are set forth in the Articles of Incorporation for the Association as filed with the Wisconsin Department of Financial Institutions and include being and acting as an association of the owners of residential Lots in a development known as and referred to herein as “The Preserve”, located in the City of Green Bay, Brown County, Wisconsin, pursuant to the Declaration of Covenants, Restrictions, Easements, Assessments and Assessment Liens for The Preserve, in the City of Green Bay, Brown County Wisconsin as recorded in the Office of the Register of Deeds for Brown County as Document No. 2710047 (hereinafter the “Declaration”). The Association shall serve as the “owners association” as the term is defined in Chapter 181, Wisconsin Statutes.

Section 1.03. Any term not defined herein but which is defined in the Declaration shall have the meaning as defined in the Declaration.

ARTICLE II

MEMBERS AND VOTING

Section 2.01. Every person or entity who is a record owner of a fee or undivided fee simple interest in a residential Lot that has been subjected to the provisions of the Declaration and any amendments thereto, except, in the case of a recorded land contract, the vendee or vendees and not the owner or owners of a fee simple interest shall be a “Member” of the Association. The term “Lot” as hereinafter used shall mean residential Lot, to wit: all Lots of The Preserve exclusive of Lot 1 which is titled in the name of the Association and upon which is to be built and operated a Community pool and clubhouse and any Outlots. “Owner”, as used herein, as well as in the Declaration, means and includes the record Owner of a fee simple interest in a Lot subject to the provisions of the Declaration, except the owner of the fee simple interest in a Lot subject to a recorded land contract, in which case the vendee is referred to herein as the “Owner.” The membership of each Owner shall terminate when the Owner ceases to own an undivided fee simple interest or interests or vendee interest in a Lot, and upon the sale, transfer or other disposition of each undivided fee simple interest or vendee interest in a Lot, the membership in the Association which is appurtenant to that interest shall automatically be

transferred to the new Owner(s) of the interest. No Member may otherwise terminate membership in the Association or sever that membership interest.

Section 2.02. Except as provided herein, on any question for which the vote of Members is permitted or required, the Owner or Owners of each Lot shall be entitled to exercise one vote for each such Lot that he, she, they or it owns. If two or more persons own undivided interests in a Lot, whether as fiduciaries, tenants in common or otherwise, such persons shall only be entitled to one vote with respect to the Lot, which vote shall be exercised, if at all, as a single vote and not by a percentage of interest.

Notwithstanding anything herein to the contrary, Apple Tree GB Two, LLC, a Wisconsin limited liability company and the developer of The Preserve (hereinafter, the "Developer"), or its successor or its designee, shall be entitled to exercise one hundred percent (100%) of the total voting power of the Members of the Association on each matter properly submitted to the Members for their vote, consent, waiver, release or action until such time as the Developer elects to relinquish the voting right, which relinquishment shall take place no later than the time The Preserve, including all Additional Property described in the Declaration, has been fully developed, all improvements have been completed, and all Lots have been sold and conveyed to bona fide residential home purchasers. At such time as Developer elects to relinquish the voting right, subject to suspension of voting rights for no-payment of amounts owing to the Association, each Lot shall be entitled to one vote on each matter properly submitted to the Members for their vote, consent, waiver, release or other action. In addition to the indemnification provided herein, Developer, including its member, directors, officers, employees and agents appointed by and employed by the Developer, shall have no liability and shall be indemnified and held harmless by the Association for events occurring after the relinquishment of voting control. Assessments shall be paid by each Member when due without regard to the right of a Member to vote.

Section 2.03. Fiduciaries and minors who are Owners of record of a Lot or Lots may vote their respective interests as Members. If two or more persons own undivided interests in a Lot, whether as fiduciaries, tenants in common or otherwise, such persons shall be entitled to one vote with respect to a Lot, which vote shall be exercised, if at all, as a single vote and not by percentages of interest. If more than one of such Owners attends a meeting, acts in voting by mail or executing consents, a majority of those voting may act for the Owners of the Lot. If only one such person attends a meeting, votes or executes a consent, then that person may act for all.

Section 2.04. An entity which is a Member of the Association may exercise its right to vote by a principal, shareholder, member, partner, trustee, director, officer, or employee and any such person shall conclusively be deemed to have authority to vote and to execute any proxies and written waivers and consents relative thereto, unless, before a vote is taken or a consent or waiver is acted upon, it shall be made to appear by a certified copy of the regulations or bylaws or of a resolution adopted by the entity that such authority does not exist or is vested in some other officer or person.

Section 2.05. At meetings of the Members or otherwise, any Member entitled to vote or take action may be represented and may vote or take action by a proxy or proxies appointed by an instrument in writing. Each such instrument shall be filed with the secretary of the meeting before the person holding the proxy shall be allowed to vote under the proxy at the meeting or with the Secretary of the Association before the person holding the proxy may take action under the proxy without a meeting. No proxy shall be valid after the expiration of twelve (12) months from its date of execution unless the Member executing it shall have specified therein the length of time that it is to continue in effect.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.01. After the relinquishment of control of the Association by the Developer, an annual meeting of the voting Members for the election of Directors, for the consideration of reports to be made at the meeting and for the transaction of such other business as may properly come before the meeting shall be held during the first quarter of each calendar year, on a date established by the Board of Directors of the Association (the "Board of Directors"), or on such other date within one month thereafter as may be designated by the Board of Directors from time to time. No annual meetings shall be required prior to the Developer's relinquishment of control of the Association.

Section 3.02. Special meetings of the Members may be called by the President, by a majority of the Directors acting with or without a meeting, or following the relinquishment of control of the Association by the Developer, by Members entitled to exercise not less than twenty-five percent (25%) of the total voting power of the Members. Upon delivery of a request in writing to the President or Secretary of the Association by persons entitled to call such a meeting, it shall be the duty of the President or Secretary to give notice to the Members in accordance with these Bylaws, but if such request is refused, then the persons making the request may call a meeting by giving the notice.

Section 3.03. All meetings of Members shall be held at such places as may be specified by the Board of Directors or the person calling the meeting, but shall be located in Brown County, Wisconsin.

Section 3.04. A written or printed notice of every meeting of Members, whether annual or special, stating the time, place and purpose or purposes for which the meeting is called shall be given by, or at the direction of, the President or Secretary of the Association by personal delivery or by mail not more than sixty (60) nor less than seven (7) days before the meeting to each Member entitled to notice thereof. If mailed, such notice shall be addressed to the Member at the Member's address as it appears on the records of the Association. The Association shall have no obligation to perform research or investigations beyond its records to ascertain the identity or the address of any Member. If the meeting is adjourned to another time or place, no further notice of the adjourned meeting need to be given if the time and place to which it is adjourned are fixed and announced at the meeting. In the event of a transfer of ownership of a Member's Lot after notice has been given and

prior to the holding of the meeting, it shall not be necessary to serve notice of the transferee. The Board of Directors may set a record date for the determination of the Members who are entitled to receive notice of or to vote at any meeting of Members, which record date shall not be earlier than forty-five (45) days preceding the meeting. If no record date is fixed by the Directors, the record date for determining the Members who are entitled to receive notice of or who are entitled to vote at a meeting of Members shall be the business day next preceding the day on which notice is given or the meeting is held, as the case may be. In any case where person's or entity's right to vote is questioned or disputed, the person wishing to vote shall have the burden of providing his, her or its right to vote.

Section 3.05. Notice of the time, place and purpose or purposes of any meeting of Members may be waived in writing either before or after the holding of the meeting by any Member, which writing shall be filed with or entered upon the records of the meeting. The attendance of a Member at any meeting in person or by proxy without protesting the lack of proper notice prior to or at the commencement of the meeting shall be deemed to be a waiver by that Member of notice of the meeting.

Section 3.06. A quorum for any meeting of Members shall be that number of Members who are entitled to vote who are present in person or represented by proxy at a meeting representing at least fifty percent (50%) of the eligible votes of the Association and, except as hereinafter provided, all actions shall be taken upon the majority vote of all Members present, in person or by proxy, provided that no action required by law, the Declaration, the Articles of Incorporation, or these Bylaws that must be authorized or taken by those Members exercising not less than a designated percentage of the total voting power may be authorized or taken by a lesser percentage. Those Members entitled to vote who are present in person and represented by proxy at a meeting may adjourn the meeting from time to time. Any business may be transacted at the reconvened meeting as if the meeting had been held as originally called.

Section 3.07. The order of business of any meeting of Members shall be determined by the presiding officer, unless otherwise determined by a vote of those Members entitled to exercise not less than a majority of the voting power of the Members present in person or represented by proxy at the meeting.

Section 3.08. At all elections of Members of the Board of Directors the candidates receiving the greatest percentage of the votes cast for their respective positions shall be elected. All other questions shall be determined by the vote of those Members entitled to exercise not less than a majority of the voting power of the Members present in person and represented by proxy at a meeting, unless for the particular purpose the vote of a greater percentage this voting power of all Members is required by law, the Articles of Incorporation, these Bylaws, the Declaration or otherwise.

Section 3.09. Any action which may be authorized or taken at a meeting of Members may be authorized or taken without a meeting in a writing or writings signed by Members exercising not less than the greater of seventy-five percent (75%) of the voting power of all Members or such greater proportion thereof as the Articles of Incorporation,

these Bylaws, the Declaration or any other provision of law may otherwise require. Said writing or writings shall be filed with or entered upon the records of the Association. Any vote that can be taken at a meeting of Members may also be taken by mail. In that event ballots shall be mailed to all persons and entities who are Members of the Association at the time of the mailing and approval shall be required from a majority of the voting power of all Members or from such greater (or lesser, in the case of electing members of the Board of Directors) proportion thereof as Articles of Incorporation, these Bylaws, the Declaration or any provision of law may otherwise require. Adequate records of the manner and results of each vote conducted by mail shall be filed with or entered upon the records of the Association.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.01. Subject to such limitations as have been or may hereafter be imposed by the Declaration, the Articles of Incorporation or these Bylaws, as any of the same may be lawfully amended from time to time, all power and authority of the Association shall be vested in and exercised by a Board of Directors. Said persons shall manage and conduct the business and affairs of the Association and exercise the powers and duties established by the Declaration, the Articles of Incorporation and these Bylaws (collectively, the “Governing Documents”) until they resign, or until their successors are elected and qualified. Except for members of the Board of Directors appointed by the Developer, members of the Board of Directors must be a Lot Owner, the spouse of a Lot Owner, or principal, shareholder, member of a limited liability company, partner, director, officer, trustee, or employee of an entity that is a Lot Owner in the Association. Before the relinquishment of control of the Association by the Developer, the Developer shall appoint all Directors, which shall consist of three individuals named in the Articles of Incorporation, or such replacements thereof as Developer shall from time to time appoint in its sole and unfettered discretion.

Subsequent to the relinquishment of control of the Association by the Developer, the Board of Directors shall consist of three individuals. By majority vote of the eligible votes of the Association, at the time of the first meeting of the Members following Developer’s relinquishment of control or any time thereafter, the Members may increase the number of Directors to five individuals. Directors elected at the first meeting of Members following Developer’s relinquishment of control shall serve until the end of the next following annual meeting of Members. Directors elected thereafter shall serve one year terms, terminating at the end of the next annual meeting thereafter. Following the relinquishment of control of the Association by the Developer, any Director may be removed by the affirmative vote of those Members entitled to exercise not less than seventy-five percent (75%) of the voting power of all Members of the Association. A vote to remove any Director shall be conducted at a special meeting of the Members called for that purpose.

Section 4.02. Candidates for election as Directors may be selected by a Nominating Committee formed in accordance with Section 5.05 of Article V hereof. The Nominating Committee may nominate as many candidates as it wishes, provided that it shall nominate not less than the number of Directors to be elected. Candidates may also volunteer or be nominated from the floor or in advance of any meeting held for the purpose of electing a Director or Directors. Candidates shall provide a short written or oral statement of qualification to serve as a Director.

Section 4.03. If any member of the Board of Directors, other than a member of the Board of Directors appointed by the Developer, vacates membership on the Board of Directors as a result of death, resignation or any other act or reason, a replacement Director shall be appointed by a vote of the remaining Directors. If the remaining Directors cannot agree upon a person to fill the vacancy within thirty (30) days after it is created, said remaining Directors shall call a special meeting of Members of the Association to fill the vacancy, such meeting to be held within sixty (60) days after the vacancy is created. Any Director appointed or elected to fill a vacancy shall hold office for the unexpired term of the Director he or she succeeds and until his or her successor is elected and qualified, or until he or she resigns.

Section 4.04. The Board of Directors shall hold such meetings from time to time as it deems necessary and such meetings may be called by the President of the Association from time to time, provided that the Board of Directors shall be required to meet at least once in each calendar quarter. Meetings shall be held in such place as the President or a majority of the Directors may determine, provided that same is located in Brown County, or by electronic or telephonic communication provided that each Director can hear or read in real time and participate and respond to every other Director.

Section 4.05. The President or Secretary shall cause electronic, telegraphic or written notice of the time and place of all meetings of the Board of Directors, both regular meetings and special meetings, to be duly served upon or sent to each Director not less than two (2) nor more than twenty (20) days before the meeting, except that a regular meeting of the Board of Directors may be held without notice immediately after the annual meeting of the Members of the Association at the same place as the annual meeting was held for the purpose of electing or appointing officers for the ensuing year and the transaction of such other business as may properly come before said meeting. No notice of adjourned meetings need be given. Notice of the time and place of any meeting of the Board of Directors may be waived by any Director in writing either before or after the holding of the meeting, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Director at any Board of Directors meeting without protesting the lack of proper notice prior to or at the commencement of the meeting shall be deemed to be a waiver by that person of notice of the meeting.

Section 4.06. At all meetings of the Board of Directors a majority of the members thereof shall constitute a quorum, but less than a quorum may adjourn a meeting from time to time, and at adjourned meetings any business may be transacted as if the meeting had been held as originally called. The act of the majority of the Directors present at any

meeting at which there is a quorum shall be the act of the Board of Directors, except as otherwise required by law, the Declaration, the Articles of Incorporation or these Bylaws. The Board of Directors shall meet in open session, except by motion duly made and approved, may meet in closed session. Lot Owners may attend and address the Board of Directors at the start of any open meeting, but may not participate in any discussion or deliberation during a meeting of the Board of Directors unless the Board of Directors expressly authorizes that Owner to participate.

Section 4.07. Members of the Board of Directors shall not receive any compensation for their services rendered to the Association as a Director. However, any Director may be reimbursed for actual expenses incurred in the performance of duties as a Director, if approved by the Board of Directors, and any Director may serve the Association in any other capacity and may receive compensation therefore, subject to the requirements and limitations of these Bylaws and the Articles of Incorporation.

Section 4.08. Any action which may be authorized or taken at a meeting of the Board of Directors may be authorized or taken without a meeting in a writing or writings signed by all of the Directors, which writing or writings shall be filed with or entered upon the records of the Association.

Section 4.09. The Board of Directors may employ or engage the services of a manager or managing agent and such other persons, firms or corporations as it deems necessary or advisable in order to perform the duties imposed upon it, and may pay such compensation as it determines. The Board of Directors may delegate to any such manager, managing agent, person, firm or corporation such administrative and ministerial duties as it determines.

Section 4.10. Powers and Authority. The Board of Directors shall exercise all powers and have all authority, under law, and under the provisions of the Declaration, Articles of Incorporation, and these Bylaws, that are not specifically and exclusively reserved to the Members by law or by other provisions of the Declaration, Bylaws or Articles of Incorporation, and without limiting the generality of the foregoing, the Board of Directors shall have the right, power and authority to:

(a) Take all actions deemed necessary or desirable to comply with or to cause compliance with all requirements of law, and the Declaration, Bylaws and Articles of Incorporation;

(b) obtain insurance coverage and bonds the Directors consider appropriate or necessary; provided that insurance coverage and bonds required pursuant to the provisions of the Declaration and in amounts no less than that required pursuant to the provisions of the Declaration shall be obtained and maintained;

(c) enforce the covenants, conditions and restrictions set forth in the Declaration;

- (d) repair, maintain and improve the Common Elements;
- (e) establish, enforce, levy and collect Assessments, late fees, delinquent interest and such other charges as are provided for in the Declaration and adopt, publish, and enforce rules and regulations concerning the same;
- (f) adopt and publish rules and regulations governing the use of the Common Elements in the personal conduct of Owners, Occupants and their guests thereon;
- (g) suspend the voting rights of an Owner during any period in which such Owner shall be in default in the payment of any charge levied by the Association (such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for each infraction of published rules and regulations or of any provisions of the Declaration);
- (h) subsequent to the relinquishment of control of the Association by the Developer declare the office of a member of the Board of Directors to be vacant in the event such Director shall be absent from three consecutive regular meetings of the Board of Directors;
- (i) subject to such approvals, if any, as may be required pursuant to the provisions of the Declaration, authorize the officers to enter into one or more agreements necessary or desirable to fulfill the purposes and objectives of the Association, including, without limitation, management agreements, purchase agreement and loan documents, all on such terms and conditions as the Board of Directors in its sole and absolute discretion may determine;
- (j) cause excess funds of the Association to be invested in such reasonable investments that meet standards for fiduciary investments under Wisconsin law as the Board of Directors may from time to time determine;
- (k) subject to the provisions of the Declaration, borrow funds, as needed, and pledge and assign such security and rights of the Association, including rights to levy and collect Association Assessments of every type or nature, or other future income, and to file liens therefore and enforce collection thereof, as might be necessary or desirable in the judgment of the Board of Directors, to obtain any such loan;
- (l) take such actions and expend the Association funds and Assessments as the Board of Directors deems appropriate, in its sole discretion, to satisfy the requirements of institutional mortgagees, and guarantors and insurers of first mortgage loans for the financing or refinancing of Lots;
- (m) purchase and cause the Association to hold title to real property; and

(n) do all things and take all actions permitted to be taken by the Association by law or the Declaration not specifically reserved thereby to others.

Section 4.11. Duties. It shall be the duty of the Board of Directors to:

(a) maintain record of all its acts and corporate affairs, including books and records of account that specify receipts and expenditures relating to the Community Common Elements and other common receipts and expenses, records showing the allocation, distribution, and collection of common profits, losses, and expenses among and from Owners, minutes of meetings of the Members and meetings of the Board of Directors, and records of the names and addresses of Owners;

(b) present the latest available financial statement of the Association to the Owners at each annual meeting of Owners, or at any special meeting when requested in writing by Owners representing not less than a majority of the voting power of Owners;

(c) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(d) cause an annual budget to be prepared, and amendments thereto as needed;

(e) as more fully provided in the Declaration, establish, levy, enforce and collect Assessments;

(f) issue, or to cause an appropriate representative to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid;

(g) procure and maintain insurance and bonds as provided in the Declaration, and as the Board of Directors deems advisable;

(h) cause the property subject to the Association's jurisdiction to be maintained within the scope of authority provided in the Declaration; and

(i) take all other actions required to comply with all requirements of the Declaration, Articles of Incorporation and these Bylaws.

ARTICLE V

OFFICERS AND COMMITTEES

Section 5.01. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as may be determined by the Board of Directors. The Secretary or Treasurer may serve as Vice President. All officers shall be elected by the Board of Directors from among the members of the Board of Directors. Officers shall hold office at the pleasure of the Board of Directors and any two or more offices may be held by the same person. No Officer shall receive any compensation for their services rendered to the Association as a Director; provided that an Officer may be reimbursed for actual expenses incurred in the performance of duties as an Officer, if approved by the Board of Directors, and any Officer may serve the Association in any other capacity and may receive compensation therefore, subject to the requirements and limitations of these Bylaws and the Articles of Incorporation.

Section 5.02. It shall be the duty of the President to preside at all meetings of Members of the Association and the Board of Directors, to exercise general supervision over the affairs of the Association and in general to perform all duties incident to the office or which may be required by the members of the Board of Directors. In the absence of the President, the Vice President shall assume the duties of the President. The President, or the Vice President if he or she has assumed the duties of the President, may appoint the manager or managing agent and such other representative of the firm or corporation appointed pursuant to Section 4.09 above.

Section 5.03. It shall be the duty of the Secretary to keep or cause to be kept under his or her supervision an accurate record of the acts and proceedings of the Members and the Board of Directors, including records of the names and addresses of the Members. The Secretary shall further perform all duties incident to the office and such other duties as may be required by the Members or the Board of Directors. Upon expiration or termination of his or her term of office, the Secretary shall deliver all books, records, documents and other property of the Association in his or her possession or control to his or her successor or to the President.

Section 5.04. The Treasurer shall receive and safely keep all money, securities and other intangible property belonging to the Association, or evidence thereof, and shall disburse the same under the direction of the Board of Directors; shall keep or cause to be kept under his or her supervision correct and complete books and records of account specifying the receipts and expenditures of the Association, together with records showing the allocation, distribution and collection of assessments, fees, revenues and expenses among and from the Members, shall hold the same open for inspection and examination by the Board of Directors and the Members, and shall present abstracts of the same at annual meetings of the Members or at any other meeting when requested; shall give bond in such sum with such surety or sureties as the Board of Directors may require for the faithful performance of his or her duties; shall perform any other duties which may be required of him or her by the members of the Board of Directors; and, upon the expiration or termination of his or her term of office, shall deliver all money and other property of the Association in his or her possession or control to his or her successor or to the President.

Section 5.05. The Board of Directors may create a committee or committees. Each committee shall serve at the pleasure of the Board of Directors and shall be subject to the control and direction of the Board of Directors. Any committee may act pursuant to the vote of a majority of its members at a meeting of the committee or by a writing or writings signed by all of its members. Any act or authorization by any such committee within the authority delegated to it shall be as effective for all purposes as the act or authorization of the Board of Directors. Each committee shall establish its own procedures for scheduling and giving notice of its meetings, establishing agendas, maintaining records of its meetings and actions, and other administrative matters, subject to any and such procedures which may be established for the committee or all committees by the Board of Directors.

ARTICLE VI

INDEMNIFICATION

Section 6.01. The Association shall indemnify any officer or Director of the Association who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action threatened or instituted by or in the right of the Association), by reason of the fact that that individual is or was a Director, officer, employee, agent or volunteer of the Association, or is or was serving at the request of the Association as a Director, officer, employee, agent or volunteer of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including, without limitation, attorneys' fees, filing fees, court reporters' fees and transcript costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by that person in connection with such action, suit or proceeding if that individual acted in good faith and in a manner that individual reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, that individual had no reasonable cause to believe that individual's conduct was unlawful. An individual claiming indemnification under this Section 6.01 shall be presumed, in respect of any act or omission giving rise to such claim for indemnification, to have acted in good faith and in a manner that individual reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal matter, to have had no reasonable cause to believe that individual's conduct was unlawful, and the termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or its equivalent, shall not, of itself, rebut such presumption

Section 6.02. Anything contained in these Bylaws or elsewhere to the contrary notwithstanding:

- (a) the Association shall not indemnify any officer or Director of the Association who was a party to any completed action or suit instituted by or in the right of the Association to procure a judgment in its favor by reason of the fact that that individual is or was a Director, officer, employee, agent or volunteer of the Association, or is or was serving at the request of the Association as a Director,

officer, employee, agent or volunteer of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust or other enterprise, in respect of any claim, issue or matter asserted in such action or suit as to which that individual shall have been adjudged to be liable for acting with reckless disregard for the best interests of the Association or misconduct (other than negligence) in the performance of that individual's duty to the Association, unless and only to the extent that the Circuit Court for Brown County or the court in which such action or suit was brought shall determine upon application that, despite such adjudication of liability, and in view of all the circumstances of the case, that individual is fairly and reasonably entitled to such indemnity as such Circuit Court for Brown County or such other court shall deem proper; and

(b) the Association shall promptly make any such unpaid indemnification as is determined by a court to be proper as contemplated by this Section 6.02.

Section 6.03. Anything contained in these Bylaws or elsewhere to the contrary notwithstanding, to the extent that an officer or Director of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01, or in defense of any claim, issue or matter therein, that individual shall be promptly indemnified by the Association against expenses (including, without limitation, attorneys' fees, filing fees, court reporters' fees and transcript costs) actually and reasonably incurred in connection therewith.

Section 6.04. Any indemnification required under Section 6.01 and not precluded under Section 6.02 shall be made by the Association only upon a determination that such indemnification of the officer or Director is proper in the circumstances because that individual has met the applicable standard of conduct set forth in Section 6.01. Such determination may be made only (a) by a majority vote of a quorum consisting of Directors of the Association who were not and are not parties to, or threatened with, any such action, suit or proceeding, or (b) if such a quorum is not obtainable or if the majority of a quorum is disinterested Directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Association, or any individual to be indemnified, within the past five (5) years, or (c) by the Members, or (d) by the Circuit Court for Brown County or (if the Association is a party thereto) the court in which such action, suit or proceeding was brought, if any; and such determination may be made by a court under division (d) of this Section 6.04 at any time [including, without limitation, any time before, during or after the time when any such determination may be requested of, be under consideration by or have been denied or disregarded by the disinterested Directors under division (a) or by independent legal counsel under division (b) or by the Members under division (c) of this Section 6.04]; and no decision for any reason to make any such determination, and no decision for any reason to deny such determination, by the disinterested Directors under division (a) or by independent legal counsel under division (b) or by the Members under division (c) of this Section 6.04 shall be evidenced in rebuttal of the presumption recited in Section 6.01. Any determination made by the disinterested

Directors under division (a) or by independent legal counsel under division (b) or by the Members under division (c) of this Section 6.04 to make indemnification in respect of any claim, issue or matter asserted in an action or suit threatened or brought by in the right of the Association shall be promptly communicated to the individual who threatened or brought such action or suit, and within ten days after receipt of such notification such individual shall have the right to petition the Circuit Court for Brown County or the court in which such action or suit was brought, if any, to review the reasonableness of such determination.

Section 6.05. Expenses (including, without limitation, attorneys' fees, filing fees, court reporters' fees and transcript costs) incurred in defending any action, suit or proceeding referred to in Section 6.01 shall be paid by the Association in advance of the final disposition of such action, suit or proceeding to or on behalf of the officer or Director promptly as such expenses are incurred by that individual, but only if such officer or Director shall first agree, in writing, to repay all amounts so paid in respect of any claim, issue or other matter asserted in such action, suit or proceeding in defense of which that individual shall not have been successful on the merits or otherwise:

(a) if it shall ultimately be determined as provided in Section 6.04 that that individual is not entitled to be indemnified by the Association as provided under Section 6.01; or

(b) if, in respect of any claim, issue or other matter asserted by or in the right of the Association in such action or suit, that individual shall have been adjudged to be liable for acting with reckless disregard for the best interests of the Association or misconduct (other than negligence) in the performance of that individual's duty to the Association, unless and only to the extent that the Court of Circuit Court for Brown County or the court in which such action or suit was brought shall determine upon application that, despite such adjunction of liability, and in view of all the circumstances, that individual is fairly and reasonably entitled to all or part of such indemnification.

Section 6.06. The indemnification provided by this Article VI shall not be exclusive of, and shall be in addition to, any other rights to which any person seeking indemnification may be entitled under the Articles or these Bylaws or any agreement, vote of Members or disinterested Directors, or otherwise, both as to action in that individual's official capacity and as to action in another capacity while holding such office, and shall continue as to an individual who has ceased to be an officer or Director of the Association and shall inure to the benefit of the heirs, executors, and administrators of such individual.

Section 6.07. The Association may purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit, or self-insurance, on behalf of any Person who is or was a Director, officer, employee, agent or volunteer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, agent or volunteer of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust

or other enterprise, against any liability asserted against that Person and incurred by that Person in any such capacity, or arising out of that Person's status as such, whether or not the Association would have the obligation or the power to indemnify that Person against such liability under the provisions of this Article VI. Insurance may be purchased from or maintained with a Person in which the Association has a financial interest.

Section 6.08. For purposes of this Article VI, and as examples and not by way of limitation:

(a) An individual claiming indemnification under this Article VI shall be deemed to have been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01, or in defense of any claim, issue or other matter therein, if such action, suit or proceeding referred to Section 6.01, or in defense of any claim, issue or other matter therein, if such action, suit or proceeding shall be terminated as to such person, with or without prejudice, without the entry of a judgment or order against that individual, without a conviction of that individual, without the imposition of a fine upon that individual and without that individual's payment or agreement to pay any amount in settlement thereof (whether or not any such termination is based upon a judicial or other determination of the lack of merit of the claims made against that individual or otherwise results in a vindication of that individual);

(b) References to an "other enterprise" shall include employee benefit plans; references to a "fine" shall include any excise taxes assessed on an individual with respect to an employee benefit plan; and references to "serving at the request of the Association" shall include any service as a Director, officer, employee, agent or volunteer of the Association which imposes duties on, or involve services by, such Director, officer, employee, agent or volunteer with respect to an employee benefit plan, its participants or beneficiaries; and an individual who acted in good faith and in a manner that individual reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Association" within the meaning of that term as used in this Article VI; and

(c) The term "volunteer" shall mean a Director, officer, committee member or other agent of the Association, or another Person associated with the Association, who (i) performs services for or on behalf of, and under authority or auspices of, the Association, and (ii) does not receive compensation, either directly or indirectly, for performing those services. Compensation does not include (i) actual and necessary expenses that are incurred by the volunteer in connection with the services performed for the Association and that are reimbursed to the volunteer or otherwise paid; (ii) insurance premiums paid on behalf of these volunteer and amounts paid, advanced or reimbursed pursuant to this Article VI, or any indemnification agreement, resolution or similar arrangement; or (iii) modest prerequisites.

Section 6.09. Any action, suit or proceeding to determine a claim for indemnification under this Article VI may be maintained by the person claiming such indemnification, or by the Association, in the Circuit Court for Brown County. The association and (by claiming such indemnification) each such person consent to the exercise of jurisdiction over its or that Circuit Court for Brown County in any such action, suit or proceeding.

ARTICLE VII

NOTICES AND DEMANDS

Section 7.01. Any notice or demand which is required to be given or delivered to or served upon a Member of the Association shall be in writing and shall be deemed to have been given, delivered or served when delivered personally to him or her or mailed to him or her at his or her address as it appears on the records of the Association.

Section 7.02. In computing the period of time for the giving of a notice required or permitted under the Article of Incorporation, these Bylaws or a resolution of the Members or Directors, the day on which the notice is given shall be excluded, and the day when the act for which notice is given is to be done shall be included, unless the instrument calling for the notice otherwise provides. If notice is permitted to be given by mail, the notice shall be deemed to have been given when deposited in the mail.

ARTICLE VIII

AMENDMENTS

Section 8.01. These Bylaws may be amended or new Bylaws may be adopted at a meeting of voting Members held for that purpose or in a vote conducted by mail by the affirmative vote of those Members entitled to exercise not less than seventy-five percent (75%) of the total voting power of the Members. The foregoing notwithstanding, any amendment terminating and dissolving the Association shall require the unanimous consent of all Owners.

Section 8.02. These Bylaws shall also be deemed to be Bylaws as the same is defined in Chapter 181, Wisconsin Statutes.

ARTICLE IX

DURATION

Section 9.01. The Association shall exist so long as the provisions of the Declaration are applicable to The Preserve.