

AMENDED & RESTATED BYLAWS OF CORNERSTONE HOMES OF RICHMOND HILL HOMEOWNERS ASSOCIATION

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SECTION 1—NAME, ADMINISTRATION, ADDRESS

- 1.1 Name.** The name of the association created herein is Cornerstone Homes of Richmond Hill Condominium Home owners Association, inc. (the “Association”).
- 1.2 Form of Administration.** The Association is a Wisconsin non-stock corporation under Chapter 181 of the Wisconsin Statutes. Policy control of the Association, except as otherwise provided therein, is vested in a Board of Directors to be elected by the members in accordance with Section 3 below. The Board of Directors may retain a third-party manager to implement the policy decisions of the Board, and to operate under its supervision and control.
- 1.3 Address.** The address of the Association is P.O. Box 8534, Madison, WI 53708-8534. Its principal office is as set forth on its filings with the Wisconsin Department of Financial Institutions, from time to time.

SECTION 2—MEMBERS, RIGHTS & OBLIGATIONS, MEETINGS

- 2.1 Members.** All Unit Owners in the Condominium are, by the fact of ownership of their Unit, members of the Association. As such, they are granted all rights and subject to all obligations of membership.
- (A) *Conveyance.* By operation of law upon conveyance or other transfer of a Unit Owner's interest in a Unit, the transferor ceases to be a member of the Association and the transferee becomes a member.
- (B) *Roster.* The Association shall maintain a roster of the names and addresses of all Unit Owners, and upon conveyance or other transfer, it shall be the responsibility of the transferee to notify the Association of the information necessary to keep the roster current. The Association shall also maintain a roster of the holders of first mortgage liens in the Units, and shall provide those lien holders such notices as they may request or as the law requires. Unit owners are responsible for providing the information necessary to keep this roster current, and may be fined up to \$50 by the Association for failure to keep this information up to date.
- 2.2 Annual Meeting.** The annual meeting of the Association shall be held in March of each year, at a location selected by the Board of Directors.
- 2.3 Special Meetings.** Special meetings may be held at any time by the President, or upon the written request to the Association of at least two Unit owners. Special meetings held on written request shall be held within 60 days of the date of receipt of the request, unless it specifies a longer period.
- 2.4 Notice of Meeting.** The Secretary of the Association shall give written notice of every meeting to every member at least 10 days before the date set for such meeting.
- (A) *Content of Notice.* The notice shall state whether the meeting is an annual or special meeting, the authority for the call of the meeting, the place, date, and hour of the meeting and, where required, the purpose or question to be considered at the meeting.
- (B) *Delivery of Notice.* The notice shall be given by delivery of a copy to the member personally or by mailing the notice to the member at his address as it appears on the Association's roster, postage prepaid.
- (C) *Failure to Receive Notice.* If notice is given as provided hereunder, the failure of any member to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting.

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(D) *Holders of Security Interests.* Upon written request to the Secretary of the Association, the holder of any recorded first lien mortgage in any Unit in the Condominium may obtain a copy of any notice permitted or required to be given by these bylaws from the date of receipt of the request until such request is withdrawn or the mortgage is discharged of record. Notice shall be given to all holders of security interests of proposed amendments to the Declaration.

2.5 Quorum. The presence of fourteen (14) Unit votes whether in person or by proxy constitutes a quorum.

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

(A) *Proxies.* A member may give another person authority to represent him and vote on his behalf at meetings of the Association. Such proxy must be in writing, dated and signed by the member, and filed with the Secretary. Except for a proxy to a mortgagee or lessee of the Unit involved, no proxy is valid for more than 180 days after its date, however a member may renew his proxy by filing a new proxy or a renewal of the existing proxy with the Secretary. A proxy may grant full or limited voting rights and may contain instructions, which shall be binding to the proxy holder.

(B) *Representatives.* Any personal representative, executor, or administrator of the estate of any member, or guardian or trustee for any member, may exercise such member's voting rights. Such person shall file an affidavit or other proof of his status with the Secretary.

(C) *Suspension.* Voting rights may be suspended by vote of the Association's Board of Directors in accordance with the Declaration, and no person who is not on the Association's roster of the Unit owners may vote unless such person holds a proxy from one who appears on the roster. A Unit's voting rights shall also be suspended for any unpaid, past due assessments.

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

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

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

- (a) Roll Call
- (b) Proof of Notice of Hearing
- (c) Proof of Quorum
- (d) Reading of Minutes of Preceding Annual Meeting

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- (e) Report of Officers
- (f) Report of Committees
- (g) Election of Board of Directors
- (h) Unfinished Business
- (i) New Business
- (j) Approval of Budget
- (k) Adjournment

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

SECTION 3—BOARD OF DIRECTORS

3.1 Number and Qualification. The affairs of the Association are governed by a Board of Directors composed of at least three (3) directors. All directors must be Unit Owners.

3.2 Election. Directors are elected by Unit votes at the annual meeting of the Association. Those candidates receiving the greatest number of votes from among the members shall be elected to the board. Each Unit has one vote for each vacancy on the Board and cumulative voting shall not be allowed.

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

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

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

3.6 Compensation. No compensation shall be paid to directors for their services as officers or directors, with the exception of one free month's dues for new incoming board members, at the discretion of the board of directors.

3.7 Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Association. No notice is necessary to newly-elected directors in order legally to constitute such meeting, so long as a quorum of the directors is presented.

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

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- 3.9 Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The time, place and manner of such meetings is determined by the President.
- 3.10 Notice.** Notice of all meetings of the Board of Directors must be given to each director, personally, or by mail, at least three (3) days prior to the date of such meeting.
- 3.11 Waiver of Notice.** Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver is deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board is a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice is required and any business may be transacted at such meeting.
- 3.12 Unanimous Consent Without Meeting.** Any action required or permitted by these bylaws of any provision of law to be taken by the Board of Directors at a meeting may be taken without a meeting, if a consent in writing, setting forth the action taken, is signed by all of the directors then in office.
- 3.13 Quorum.** At all meetings of the Board of Directors, a majority of the directors constitutes a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.
- 3.14 Open Meetings.** Any Unit Owner may attend any annual, regular, or special meeting of the Board of the Directors.
- 3.15 Committees.** The Board of Directors may by resolution designate one or more committees, each committee to include one or more directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and thereafter amended, shall have and may exercise, when the board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Condominium. The Board of Directors may elect one or more of its members to alternate membership of any such committee and such alternate members may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting.
- 3.16 Powers and Duties.** The Board of Directors may exercise all powers of the Association not specifically reserved to the members and is responsible for establishing policies for the Association in pursuance of its purposes and supervision of the implementation of these policies by the Manager, the Board of Directors shall retain the Manager.
- (A) *Rules.* The Board of Directors shall adopt Rules for the Regulation of the use and enjoyment of the Condominium.
- (B) *Delinquencies.* The Board of Directors may set a delinquency charge, stated in terms of a percentage rate not to exceed one percent (1%) per month, on delinquent payments of regular or special assessments. Liens will be placed on units that are three (3) months late in condo fees, damage done to property to common area, incidences of public nuisance, hazard or safety issues.

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(C) *Insurance.* Hazard insurance maintained by the Association must be maintained with an insurer licensed in Wisconsin and rated Best's Class "VI" or better, or Class "V" if it has a general policyholder's rating of "A." Policies may not be subject to contribution or assessment, to special corporate action by the carrier to authorize payment of benefits or to limiting clauses other than insurance conditions on payment of benefits. The insurance maintained by the Association must provide at least ten (10) days' notice to Unit mortgagees or their assigns before a policy is reduced or canceled.

SECTION 4—OFFICERS

- 4.1 Designation.** The principal officers of the Association are a President, a Vice-President, a Secretary, and a Treasurer, of all of whom shall be elected by the Board of Directors. Other members are called "at large" directors, and are described below. The offices of President and Vice President may be combined into co-Presidents.
- 4.2 Election of Officers.** The officers of the Association are elected at the annual meeting of the Board of Directors.
- 4.3 Term.** The officers of the Association hold office for a term of three years.
- 4.4 Removal of Officers.** Any elected officer may be removed, with or without cause, by a majority vote of the Directors at any annual, regular or special meeting of the Board, notice of which includes notice of the proposal removal.
- 4.5 Vacancies.** A vacancy in any principal office shall be filled by the Board of Directors.
- 4.6 President.** The President is the principal officer of the Association. He presides at all meetings of the Association and of the board of Directors, and has all of the powers and duties set forth in these bylaws or delegated to him by the Board of Directors.
- 4.7 Vice President.** The Vice President takes the place of the President and performs his duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors. The Vice President may serve as co-President.
- 4.8 Secretary.** The Secretary supervises the taking, preparation, and preservation of minutes of all meetings of the Board of Directors or of the Association; serves as teller to count votes at Association meetings; cause all notices required by these bylaws to be given; certifies copies of the organizational and operational documents of the Condominium, as amended from time to time, upon request; executes other certificates on behalf of the Association, and has other powers and duties as may be delegated to him in the Declaration, by these bylaws or the Board of Directors.
- 4.9 Treasurer.** The Treasurer supervises the keeping of the financial books and records of the Association, causes appropriate notices relating to Common Expenses of the Condominium to be given, supervises the collection of amounts due the Condominium and their application under the Declaration, bylaws and policies established by the Board of Directors, and has such other powers and duties as may be delegated by these bylaws or the Board of Directors.

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4.10 At Large Board Members. The Board of Directors, in its sole discretion, may designate up to three “at large” members of the Board of Directors. The elected officers of the Board of Directors may assign duties to each of the at large Board members. Each at large Board member is entitled to vote on matters properly before the Board of Directors, unless otherwise expressly limited by their initial designation.

SECTION 5—ASSESSMENTS

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

5.2 Regular Assessments. Regular assessments are those based upon the annual budget of the Condominium prepared by the Board of Directors (or adopted by the Board of Directors, if prepared by a Manager), and approved by the members.

(A) *Budget.* The budget for the forthcoming year shall be adopted by the Board of Directors and distributed with the notice of the annual meeting of the members. The members may approve or disapprove the budget in whole but may not amend it. If disapproved, the budget shall be returned to the Board of Directors for further consideration and a special meeting of the members called to approve it before the beginning of the fiscal year. The budget shall include funding for a reserve fund to pay for nonrecurring operating contingencies. The reserve fund will be maintained at a rate of fifteen percent (15%) of condo fees collected per year.

(B) *Assessments.* Once the budget is adopted, the Board of Directors shall allocate to the Units their proportionate share and give notice of the amount due for each Unit which shall be expressed both as an annual amount and in twelve (12) equal monthly installments. The monthly installments are delinquent if not paid before the fifth (5th) day of the month.

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

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

SECTION 6—ACCOUNTS, FINANCES

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

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

SECTION 7—LIABILITY OF OFFICERS

7.1 Exculpation. No director or officer of the Association, in his capacity as a director or officer rather than as a Unit Owner, is liable for acts or defaults of any other director, officer or Unit Owner or for any loss sustained by the Association of any member thereof, unless the same has resulted from his own willful

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misconduct or negligence. Nothing contained in this Section exempts such director or officer from the liabilities and obligations of Unit Owners as provided by these bylaws.

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

SECTION 8—FISCAL YEAR

8.1 Fiscal Year. The fiscal year of the Association begins on the first day of January in each year and ends on the 31st day of December of the same year.

SECTION 9—AMENDMENT

9.1 Amendment. Except as otherwise provided herein, these bylaws may be amended from time to time by affirmative vote of at least sixty-seven (67%) of the total Unit votes, at a meeting duly called for the purpose. Any portion of these bylaws that merely reflects or gives priority to the Declaration may not be amended unless the Declaration is similarly amended.

SECTION 10—INTERPRETATION

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

10.2 Captions. The Association intends that the captions of these bylaws are only for convenience of reference, and are not to be interpreted substantively.

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

SECTION 11—RENTAL OF UNITS

11.1 Statement of Intent. Units must be inhabited only by the owner of fee simple title to the Unit, and his or her immediate family. The Association prohibits the ownership of Units solely as rental income property. The Association otherwise prohibits the rental of Units, except only if the unit owner is able to demonstrate hardship, and if the rental is approved by the Board, as follows.

11.2 Hardship. The Board of Directors will make an initial determination of hardship. Factors that indicate hardship include, without limitation, the following.

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- (A) *Sale.* Despite good faith efforts, the unit owner has been unable to sell his or her unit. In these cases, unit owners must provide evidence that they have listed the unit for sale on the MLS for at least three months, and the Association may require the unit owner to continue to list the unit for sale during the term of the lease.
- (B) *Sabbatical.* The unit owner has the opportunity to take a sabbatical, or has been subjected to a temporary work relocation.
- (C) *Divorce.* One or more unit owners are divorcing, and require flexibility in their living accommodations as a result.
- (D) *Foreclosure.* A unit comes into the possession of a lender through foreclosure or deed in lieu of foreclosure.
- (E) *Lease Back.* A unit owner has sold his or her unit but needs to lease it back from the buyer for a limited period of time.
- (F) *Illness.* A unit owner is unable to reside in his or her unit for an extended period of time due to illness.
- (G) *Other.* A unit owner otherwise demonstrates hardship to the satisfaction of a majority of the Board of Directors.

11.3 Approval. Written approval of the Board of Directors is required before any owner may rent his or her unit. The Board must render its decision within 15 days of receipt of the owner's request for approval, failing which the Board's approval will be deemed to have been given. Among other reasons that the Board of Directors may give for denial, the Board of Directors may consider the following:

- (A) *Tenant.* Any Tenant who has a history of evictions, a poor credit history, or who lacks a job or other ability to pay a market rent, in the reasonable opinion of the Board of Directors.
- (B) *Rental Cap.* The Board of Directors has no obligation to approve any lease that will result in more than ten percent of the Units in the condominium being rented at any given time. Once ten percent of the Units in the condominium have become rented, Unit owners that wish to lease will be put on a waiting list, kept by the Board of Directors, in chronological order of rental requests. No Unit may be rented for more than twelve months, or less than six months. No lease may be renewed for more than 36 consecutive months. Once a Unit has been rented for 36 consecutive months, it must go to the bottom of the waiting list, and the first Unit owner on the waiting list then becomes eligible to rent his or her Unit. Any Unit owner who attempts to renew a tenancy for more than 36 consecutive months will be liable to the Association for the attorneys' fees and court costs required to evict the tenant at the end of the 36th consecutive month, which fees and costs shall become a lien against the owner's Unit.
- (C) *Default.* The Board of Directors may deny Unit owners the right to renew the lease of any tenant who has materially breached its lease during the prior twelve months (even if that tenant was not evicted for that breach).
- (D) *Other.* The Board of Directors may deny Unit owners the right to lease on any other reasonable basis.

11.4 Appeal. If the Board denies any owner the right to rent his or her unit, by virtue of either Section 11.2 or 11.3 above, then he or she may appeal the Board's denial. The Unit owner may call a special meeting of the Association, to be held within 15 days of the Board's denial, at a location within two miles of the

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condominium that is sufficiently large to accommodate the members of the Association. The denial will be put to a vote. The vote of 67% of all members is sufficient to override the Board’s denial.

11.5 Lease Requirements. Each lease must contain a non-standard lease addendum in the form attached as *Exhibit A*, and if such an addendum is not expressly made part of the lease, then it shall be deemed party of the lease by operation of law. If a lease is deemed approved under 11.3 above, or if approved by members under 11.4 above, then the lease addendum will apply whether or not it was signed by the Board.

11.6 Family. Even if a Unit owner does not reside in the Unit, he or she may allow any member of his or her immediate family to occupy the Unit, up to a maximum of four such persons. Immediate family includes grandparents, parents, siblings, children, or grandchildren, either natural or legally adopted. Any such occupancy by immediate family members is deemed to be a lease, subject to applicable law and all of the terms and conditions of these bylaws, but subject to the following exceptions. First, the Unit owner need not show hardship under 11.2. Second, the Association cannot deny the Unit owner the right to lease to immediate family members under 11.3(A), so long as the number of family members does not exceed four per Unit. Third, Units rented to immediate family members are not counted towards the rental cap described in 11.3(B). The Board of Directors is entitled to exercise the provisions of 11.3(C) and (D) to leases to immediate family members, if they are applicable. The provisions of the lease addendum in *Exhibit A* also apply to any such lease, except for sections 1.2, 1.3, 1.5, 1.6, 2.2, and 2.4 of the Addendum. Immediate family members may be elected as officers of the Board of Directors, and may vote for the Unit owner, so long as such persons hold the proxy of the Unit owner.

Adopted this ____ day of _____, 2013.

By: _____

Name: _____

Title: Secretary of the Board of Directors