

**HARBOR HOUSE CONDOMINIUMS
DECLARATION**

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CONDOMINIUM OF HARBOR
HOUSE CONDOMINIUMS
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REGISTER OF DEEDS

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Name and Return Address:
Atty. **Robert W.** Kuehling
KUEHLING & KUEHLING LLC
131 W. Wilson St., Suite 501
Madison, Wi. 53703

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**DECLARATION OF CONDOMINIUM
of
HARBOR HOUSE CONDOMINIUMS**

001417

This Declaration is made under and pursuant to the Condominium Ownership Act of the State of Wisconsin (hereinafter "Act") as found in Chapter 703, Wisconsin Statutes (2003-04), as amended, by Harbor House Investments LLC, (hereinafter referred to as "Declarant").

**ARTICLE I
STATEMENT OF PURPOSE**

The purpose of this Declaration is to subject the property hereinafter described and the improvements thereon (hereinafter collectively 'Condominium') to the condominium form of ownership in the manner provided by the Act. It is intended that all provisions contained herein shall be deemed to run with the land and shall constitute benefits and burdens to the Declarant and to its successors in interest.

**ARTICLE II
DESCRIPTION, NAME, RESTRICTIONS, AND DEFINITIONS**

2.01 Legal Description. The real estate subject to this Declaration is owned by Declarant and is described on Exhibit I attached hereto.

2.02 Name and Address. The name of the Condominium is "Harbor House Condominiums" and has as its address 802 Harbor House Drive, Madison, Wisconsin 53719

2.03 Covenants, Conditions, Restrictions, and Easements. The Condominium shall be, on the date this Declaration is recorded, subject to:

- (1) General taxes not yet due and payable;
- (2) Easements and rights in favor of gas, electric, telephone, water, and other utilities;
- (3) All other easements, covenants, and restrictions of record;
- (4) All municipal, zoning, and building ordinances; and
- (5) All other governmental laws and regulations applicable to the Condominium.

2.04 Definitions. Except as modified herein, the definitions contained in the Act shall govern in the interpretation of this Declaration.

**ARTICLE III
UNITS**

3.01 Definition. "Unit" shall mean a part of the Condominium intended for any type of independent use, including one or more cubicles of air at one or more levels of space of one .

or more rooms of enclosed spaces located on one of more floors (or parts thereof) in a building. There are two categories of Units: Dwelling Units and Parking Units.

3.02 Dwelling Unit Description. A Dwelling Unit in Harbor House Condominiums shall include:

(1) One or more contiguous or non contiguous cubicles of air, including the perpetual right of ingress thereto and egress therefrom. The exterior boundaries of the cubicles shall be the vertical planes, the elevations of which coincide with the face of the studs supporting the drywall, and in the basement areas shall be the inner face of the foundation walls of the building. The upper boundary of such cubicles shall be the horizontal plane of the lower face of the joists supporting the ceiling on the highest story of the cubicle. The lower boundary of a first floor Dwelling Unit shall be the horizontal plane of the upper face of the joists (or of the concrete, if it is a concrete floor) on the lowest level of a first floor. The lower boundary of a second floor Dwelling Unit shall be the horizontal plane of the flooring upon which the cellcrete flooring is poured. All cellcrete flooring whether on the first floor or second floor is a part of the Dwelling Unit.

(2) The following items which serve the particular Dwelling Unit although they may be outside the defined cubicle of air:

- (a) All doors and windows, their interior casements, and all of their opening, closing, and locking mechanisms and hardware;
- (b) All wall and ceiling mounted electrical fixtures and recessed junction boxes serving them;
- (c) All floor, wall, baseboard, or ceiling electrical outlets and switches and the junction boxes serving them;
- (d) All water heaters, plumbing fixtures and the piping, valves, and other connecting and controlling materials and devices lying between the fixtures and main water or sewage lines to the lowest story of the Dwelling Unit;
- (e) The cable television outlet, if any, to the Dwelling Unit and the junction box serving it;
- (f) The individual furnaces or ducting, the radiator, and the piping providing heating to the Dwelling Unit, and the controls for the heating system of the Dwelling Unit;
- (g) The air conditioning equipment and ducting providing air conditioning to the Dwelling Unit, and the controls for the air conditioning system of the Dwelling Unit;

- (h) The lines, if any, bringing natural gas or similar fuel to the Dwelling Unit, which lines extend from the utility meter to the boundary of the Dwelling Unit; and
 - (i) The venting lines and ducting for any clothes dryer, kitchen fan or bathroom fan serving the Dwelling Unit.
- (3) Specifically not included as part of the Dwelling Unit are those structural components of the building and any portions of the mechanical systems of the building, not specifically included in the Dwelling Unit under (2), above, which lie within the cubicle or cubicles of air comprising the Dwelling Unit. For purposes of this subsection, partition walls shall not be considered structural components.

3.03 Parking Unit Description. A Parking Unit in Harbor House Condominiums shall include:

- (1) A cubicle of air, including the perpetual right of ingress thereto and egress therefrom. Parking Units are located below ground -in the basements of all buildings. With respect to the below ground Parking Units, the exterior boundaries of the cubicles shall be the vertical planes, the elevations of which coincide with the Parking Unit designations on the Condominium Plat. The upper boundary of such cubicles shall be the horizontal plane of the lower face of the concrete ceiling. The lower boundary shall be the horizontal plane of the upper face of the concrete floor in the basement area.
- (2) Specifically not included as part of the Parking Unit are those structural components of the building and any portions of the mechanical systems of the building, not specifically included in the Parking Unit under (2) or (3), above, which lie within the cubicle of air comprising the Parking Unit. For purposes of this subsection, partition walls shall not be considered structural components.

3.04 Identification. Units shall be identified by the building, street number, or location, the determination of which alternative shall be as specified on the "Condominium Plat" of Harbor House Condominiums, which plat shall be recorded contemporaneously with this Declaration. A copy of the Condominium Plat is attached hereto as Exhibit II.

ARTICLE IV COMMON ELEMENTS

4.01 Definition. "Common Elements" shall mean all of the Condominium except the Units.

4.02 Description. The Harbor House Condominiums Common Elements shall include the land described in Exhibit I, any portion of the improvements to the land described in Exhibit I which is not included in the definition of Unit, and all tangible personal property used in the operation, maintenance, and management of the Condominium.

4.03 Use. Except as otherwise provided herein, and subject to the By-Laws of the "Association", as hereinafter defined, and subject to any rules and regulations adopted by the Association, the Common Elements shall be available for the use and enjoyment of or service to owners of all Units.

4.04 Ownership. There shall be appurtenant to the Units an undivided interest in the Common Elements in the percentages specified in Exhibit IV attached hereto.

ARTICLE V LIMITED COMMON ELEMENTS

5.01 Definition. "Limited Common Elements" shall mean those Common Elements identified in this Declaration and on the Condominium Plat as reserved for the exclusive use of one or more but less than all of the owners of Units.

5.02 Description. The Harbor House Condominiums Limited Common Elements and the Dwelling Unit or Units to which their use is reserved are identified on the Condominium Plat and shall include any of the following: patios and decks. Pursuant to Section 703.14, Wisconsin Statutes (2003-04), as amended, any owner of a Dwelling Unit to which the use of any Limited Common Element is restricted may grant by deed, subject to the rights of any existing mortgagee or secured party, the use of the Limited Common Element to any other "Unit Owner," as hereinafter defined. Such deed must be recorded in the Dane County Register of Deeds office, and a copy thereof must be supplied to the Association. After any such grant, the grantor shall have no further right to use the specified Limited Common Element.

5.03 Use. Except as otherwise provided herein, the manner of use of the Limited Common Elements shall be determined solely by the Unit Owner or Owners, who have the exclusive use of such Limited Common Elements.

ARTICLE VI USES

The Units, Limited Common Elements, and Common Elements of the condominium shall be used for residential purposes only, and shall not be used for any trade or business. The leasing or renting of a Unit for residential purposes for an initial term of at least six (6) months shall not be considered a violation of this provision; nor shall the leasing of a Unit for a term of at least one (1) month by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure be considered a violation of this provision; provided, however, that no Unit shall be leased or rented for hotel or transient purposes. The use of units as sale models by the Declarant shall not be considered a violation of this provision.

The Declarant has an absolute right to rent its Units in the Condominium, for terms of not less than 30 days. So long as the Declarant has title to any Unit in the Condominium, the Association may not impose any rule impinging upon the Declarant's right to rent its Units nor may the Association impose any special charge or fee arising from, or due to, the Declarant's rental of Units in the Condominium.

Notwithstanding anything to the contrary contained herein, the use of the Units, Limited Common Elements, and Common Elements shall comply with the City of Madison Ordinances and any other restrictions as contained in the Association By-Laws and any rules and regulations adopted by the Association.

Parking Units may not be occupied for dwelling purposes. Parking Units may be conveyed in conjunction with the conveyance of Dwelling Units. Parking Units may be conveyed separately from the conveyance of Dwelling Units, only if such conveyance is to an existing owner of a **Dwelling Unit**. Any conveyance of a Parking Unit in violation of this provision shall be void.

No use of a Unit may unreasonably interfere with the use and enjoyment of the Common Elements or other Units by other Unit Owners. There shall be no storage of material, and there shall be no conduct of any activity, which would increase the insurance rates on the Condominium. Any and all attorney fees and other expenses incurred by the Association in the enforcement of this provision shall be reimbursed by the Unit Owner in violation and may be assessed against such Owner's Unit.

ARTICLE VII UNIT OWNER

A "Unit Owner" shall mean a person, combination of persons, partnership, corporation, or other legal entity, which holds legal title to a Unit; provided, however, that in the event equitable ownership has been conveyed in the Unit by means of a land contract or other similar documents, "Unit Owner" shall mean the land contract purchaser. The Declarant shall be included in the definition of Unit Owner with regard to Dwelling Units on which an occupancy permit has been issued by the City of Madison.

ARTICLE VIII ASSOCIATION

8.01 Definition. "Association" shall mean Harbor House Condominiums, Inc., a Wisconsin non-stock corporation.

8.02 Duties and Obligations. All Unit Owners shall be entitled to become and shall be required to become members of the Association and subject to its Articles of Incorporation, By-Laws, and Rules and Regulations adopted by it for the use and management of the Condominium. By becoming members of the Association, Unit Owners automatically assign the management and control of the Common Elements of the Condominium to the Association.

8.03 Voting. Each Dwelling Unit shall be entitled to one (1) indivisible vote in the Association, subject however, to suspension as provided herein. Parking Units shall not be entitled to any votes. If a Dwelling Unit is owned by more than one (1) person, the vote for the Unit shall be cast as agreed by the persons who have an ownership interest in the Dwelling Unit, and if only one such person is present it is presumed that person has the right to cast the Unit vote unless there is contrary evidence presented. In the event they cannot agree on the manner in which the vote is to be cast, no vote may be accepted from the Unit. As provided in Article

VII hereof, one who holds a land contract purchaser's interest or any other such equitable interest in a Unit shall be considered the Unit Owner. However, for purposes of being eligible to vote as a member of the Association, the land contract or other document establishing the equitable interest, or an instrument providing constructive notice of such interest, must be recorded in the Dane County Register of Deeds office.

ARTICLE IX REPAIRS AND MAINTENANCE

9.01 Dwelling Units. Each Unit Owner shall be responsible for the decoration, furnishing, housekeeping, maintenance, repair and replacement of the Owner's Dwelling Unit.

9.02 Parking Units. With respect to below ground Parking Units, the Association shall be responsible for the sweeping and cleaning of such Units. The Owner grants to the Association a permanent easement over and across the Parking Units for the purpose of sweeping and cleaning thereof. Below ground Parking Units shall not be used for storage of anything other than operable motor vehicles and watercraft.

9.03 Limited Common Elements. Each Unit Owner shall be responsible for the decoration, furnishing, housekeeping, general cleanliness, and presentability of the Limited Common Elements which use is reserved to the Unit. The Association shall be responsible for the maintenance, repairs, and replacement of the limited common elements.

9.04 Common Elements. Except as hereinabove provided, the Association shall be responsible for the decoration, furnishing, housekeeping, maintenance, repair, and replacement of the Common Elements.

9.05 Entry by Association. The Association may enter any Unit and Limited Common Elements at reasonable times and under reasonable conditions when necessary in connection with any maintenance, construction, or repair of public utilities, fireplace chimneys and vents, and for any other matter for which the Association is responsible. Prior notice to the Unit Owner shall be attempted, and the entry shall be made with as little inconvenience to the Unit Owner as possible under the circumstances. Any damage caused thereby shall be repaired by the Association and shall be treated as a "Common Expense," as hereinafter defined.

ARTICLE X STRUCTURAL CHANGES

10.01 Limitations. A Unit Owner may make improvements or alterations within his/her Unit; provided, however, such improvements or alterations do not impair the structural soundness or integrity or lessen the support of any portion of the Condominium, do not reduce the value of the Condominium, and do not impair any easement. A Unit Owner may not change the exterior appearance of a Unit or any portion of the Common Elements (including Limited Common Elements) without obtaining the written permission of the Association Board of Directors. Any improvement or alteration which changes the floor plan or room dimensions of a Unit must be evidenced by the recording of a modification to the Harbor House Condominiums Plat before it shall be effective and must comply with the then-legal

requirements for such purpose. Furthermore, any approved improvements or alterations must be accomplished in accordance with applicable laws and regulations, must not unreasonably interfere with the use and enjoyment of other Units and Limited Common Elements or the Common Elements, and must not be in violation of any underlying mortgage, land contract, or similar security interest.

10.02 Expenses. All expenses involved in such improvements or alterations, including alterations, including expenses to the Association, which it may charge as a special assessment to the affected Units, shall be borne by the Unit Owners involved.

ARTICLE XI INSURANCE

11.01 Property Insurance. The Association shall obtain and maintain property insurance for the Units, including the interiors of the Units as they are configured at the time of the initial sale from Declarant, such insurance to include coverage of the plumbing fixtures, lighting fixtures, cabinets, countertops, appliances, heating and air conditioning equipment, floor covering and drywall. The Association shall also obtain and maintain property insurance for the Common Elements, including Limited Common Elements. Such insurance shall include protection for the perils of fire, extended coverage, vandalism, and malicious mischief, on a replacement cost basis for an amount not less than the full replacement value of the insured property. The Association shall be the named insured with Unit Owners and the Mortgagees of Units as additional insureds. For purposes of this provision and for the Declaration, ..Mortgagee" shall mean the holder of any recorded mortgage encumbering one or more Units. or a land contract seller.

11.02 Liability Insurance. The Association shall maintain comprehensive general liability insurance against all claims commonly insured against and in such amounts as the Association shall deem suitable; provided, however, the minimum limits for bodily injury and property damage shall be \$1,000,000. The policies shall include standard coverage for the errors and omissions of Association directors and officers. Such policies shall also contain "severability of interest" endorsements which shall preclude the insurer from denying the claim of a Unit Owner because of negligence on the part of the Association or other Unit Owners.

11.03 Fidelity Insurance. The Association shall maintain fidelity coverage against dishonest acts by any person responsible for handling the funds belonging to or administered by the Association. The Association shall be the named insured, and the insurance shall be in an amount of not less than one hundred percent (100%) of the Association's reserves.

11.04 Administration. Any and all premiums associated with the insurance purchased by the Association shall be Common Expenses. The Association shall act as the trustee for the purpose of obtaining insurance coverage and for the receipt, application, and disbursement of proceeds. All insurance shall be obtained from generally acceptable insurance carriers, which carriers must meet the guidelines established by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

11.05 Unit Owners' Insurance. Maintenance of insurance by the Association shall not

relieve or prohibit Unit Owners from maintaining insurance with limits in excess of those maintained by the Association or with additional insured risks. Unit Owners shall, and are required, to maintain adequate insurance on their personal property. Unit Owners are encouraged to submit copies of the disclosure materials to their insurance carriers in order to ensure adequate property and liability coverages on their personal property, Units, and Limited Common Elements appurtenant to such Units.

11.06 Disbursement. Insurance proceeds shall first be disbursed by the trustees for the repair or restoration of the damaged Common Elements, and the Unit Owners and Mortgagees shall not be entitled to receive payment of any portion of the insurance proceeds unless the Association has determined not to rebuild, or a court has ordered partition of the Condominium property, or there is a surplus of insurance proceeds after the Common Elements have been completely repaired or restored.

11.07 Commencement. All insurance required by this Declaration shall be purchased and maintained by the Association commencing on or before the date of the sale of the first Unit.

ARTICLE XII REPAIR OR RECONSTRUCTION

In the event the Common elements are totally or partially destroyed, the Association shall within fifteen (15) days of the date of damage determine whether the Condominium is damaged to an extent more than the available insurance proceeds. Once determined, the Association shall promptly notify the Unit Owners and first Mortgagees in writing of the adequacy or inadequacy of the insurance. Within ten (10) days of receipt of the notice, the Unit Owners and first Mortgagees shall have the opportunity to decide whether the Condominium should be partitioned. Partition shall only occur by the affirmative vote of Unit Owners representing at least seventy-five percent (75%) of the votes available in the Association, and by the affirmative vote of the first Mortgagees on at least fifty-one percent (51%) of the Units. In case of such partition, the net proceeds of sale, together with the net proceeds of insurance, shall be considered as one fund and shall be divided among all Unit Owners in proportion of their percentage interests in the Common Elements and shall be distributed in accordance with the priority of interests in each Unit. In the event the required seventy-five percent (75%) and fifty-one percent (51%) affirmative votes are not cast within the ten (10) day period, the Association shall promptly undertake to repair or reconstruct the damaged property to a condition compatible with the remainder of the Condominium. Upon reconstruction, the Association may vary the design, plan, and specifications of the Common Elements from that of the original; provided, however, that the number of square feet of any Unit may not vary by more than five percent (5%) from the number of square feet for such Unit as originally constructed and, provided further, that the location and floor plan of the damaged buildings shall be substantially the same as they were prior to the damage. In the event insurance proceeds are insufficient to pay the estimated or actual costs of reconstruction, the shortage shall be considered a Common Expense, and the Association shall have the responsibility and the right to levy assessments against the Unit Owners as provided herein.

ARTICLE XIII EMINENT DOMAIN

In the event of taking of any of the Common Elements under the power of eminent domain, the provisions of Section 703.19, Wisconsin Statutes (2003-04) as amended, shall control; provided, however, the affirmative vote of the first Mortgagees on at least two-thirds of the Units will also be required in order to partition the Condominium; and provided further, if Limited Common Elements are taken, the same shall be reconstructed by the Association if practical to do so.

ARTICLE XIV COMMON EXPENSES

14.01 Liability of Unit Owner. The Association shall establish an annual operating budget. Each Unit Owner shall be liable for the share of expenses of the Association assessed against such Owner's Unit. These expenses ("Common Expenses") shall be allocated among the Units in proportion to their ownership of the Common Elements, as specified on Exhibit III.

14.02 Late Fees. The Association may impose late fees upon any Unit Owner that does not timely pay an amount due to the Association, in the manner specified in the By-Laws, as amended from time to time. The initial late fee amount shall be the greater of \$25.00 or 10% of the amount of any amount due that is not paid by the 10th day after its due date.

14.03 Enforcement. The assessments of Common Expenses, together with such interest as the Association may impose in the By-Laws for delinquencies and with the costs of collection and actual attorney fees, constitute a lien on the Units against which they are assessed. Attachment, filing, effectiveness, priority, and enforcement of the lien shall be as provided in Section 703.16, Wisconsin Statutes (2003-04), as amended.

14.04 Suspension of Voting Rights. If any assessment of Common Expenses is delinquent and a "Statement of Condominium Lien" as described in Section 703.16(9), Wisconsin Statutes (2003-04), as amended, has been recorded against a Unit, the Association may suspend the voting rights of the delinquent Unit Owner. A delinquency resulting in the filing of a Statement of Condominium Lien against a Unit shall constitute an act of default under any mortgage secured by the Unit.

14.05 Unit Sale. Except as otherwise provided herein, unpaid Common Expenses assessed against a Unit shall be a joint and several liability of the seller and purchaser in a voluntary transfer of the Unit if a statement of Condominium lien covering the delinquency shall have been recorded prior to the transfer.

14.06 Lien for Non-payment. The Association shall have a lien, from the date an assessment is made, upon any Unit for assessments made against that Unit, which assessments remain unpaid. The lien shall secure payment of the assessment, interest, and costs of collection, including reasonable attorney fees. The lien may be recorded in the Dane County Register of Deeds office by an instrument executed by the Association and may be foreclosed. The Unit Owner shall be personally liable for all unpaid assessments, interest, and costs of

collection. This liability shall not terminate upon transfer of ownership or upon abandonment by the Unit Owner. When any lien is foreclosed, if the Unit Owner remains in possession of the Unit, he/she shall pay a reasonable rental value of the Unit. The Association shall be entitled to the appointment of a receiver of the Unit, as a matter of strict right. Assessments shall be paid without offset or deduction. No Unit Owner may withhold payment of any assessment or any part thereof because of any dispute which may exist among a Unit Owner, the Association, the Declarant, or any of them. Rather, the Unit Owner shall pay all assessments pending resolution of any dispute.

14.07 Foreclosure. In the event the Mortgagee of a first mortgage of record or any other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a mortgage, or as a result of a conveyance in lieu of foreclosure, such purchaser or his/her successors and assigns shall not be liable for the total share of Common Expenses or assessments by the Association pertaining to such Unit or chargeable to the former Unit Owner, which Common Expenses or assessments became due prior to the acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible proportionately from all of the Unit Owners.

14.08 Installment Payment. Except for items such as insurance premiums which must be prepaid, assessments shall be paid in advance, in the form of a monthly maintenance fee determined by a budget of Common Expenses prepared by the Association, which budget shall include a reserve for deferred maintenance and a reserve for replacement. Special assessments for items not provided for in the budget shall be paid at such time or times, in a lump sum, or in such installments, as the Association may determine.

14.09 Assessments against Declarant. The Declarant shall be exempt from payment of monthly assessments on Units owned by it during the period of Declarant's control as specified in Article XV hereof, provided however, that during such time, if the total estimated monthly assessments paid by Unit Owners shall not cover the total Common Expenses, Declarant shall pay the deficit. The total assessment against the Units that are not exempt from assessments may not exceed the amount that equals the nonexempt Units' budgeted share of common expenses set form in the annual budget.

14.10 Reserve Fund. The Declarant elects not to establish a statutory reserve account. The Association shall establish and maintain a reserve fund for payment of nonrecurring operating contingencies. Each annual condominium budget shall include funding for the reserve fund, at a level determined appropriate by the Association. The Association shall address at the first annual meeting of the Association held after, or at a special meeting of the Association held within one year after the expiration of the period of Declarant control, whether to establish a statutory reserve account.

ARTICLE XV

POWERS OF DECLARANT

15.01 Declarant Control. Except as provided in Section 703.15(2)(d), Wisconsin Statutes (2003-04), as amended, Declarant reserves the right to appoint and remove officers and directors of the Association and to exercise the powers and responsibilities of the Association,

its members, and its directors until the earlier of either of the following shall occur: (i) expiration of ten (10) years from the date this Declaration is recorded; or (ii) thirty (30) days after conveyance of seventy-five percent (75%) of the Common Elements to purchasers of Units in the Condominium. During this period, Declarant shall have the full and exclusive right to take all action on behalf of the Association, including but not limited to, the right to (a) enter into leases of Units, (b) make contracts and agreements on behalf of the Association for the maintenance, operation, and management of the Condominium, (c) determine, levy, and collect assessments, (d) grant easements, and (e) enact and enforce rules and regulations for the use of the Condominium. If entered into before the officers elected by the Unit Owners take office, any contracts or agreements entered into by Declarant on behalf of the Association with Declarant or an affiliate of Declarant which are not bona fide or which are not commercially reasonable to Unit Owners when entered into under the circumstances then prevailing, may be terminated by the Association or its executive board at any time without penalty upon not less than 90 days notice to the other party thereto. Notwithstanding the foregoing, this provision shall not apply to any lease, the termination of which would terminate the Condominium.

15.02 Termination of Control. Upon termination of the above-specified period, or upon the earlier, voluntary relinquishment of control by Declarant, control of the Association shall be turned over to the Unit Owners; provided, however, Declarant reserves the right to name one member, who may be a non-Unit Owner, of the Board of Directors until all Units have been conveyed to Unit Owners in fee simple. Notwithstanding any provision to the contrary, Declarant reserves the following rights: (i) to continue any unfinished development work on any unsold Unit and on the Limited Common Elements and Common Elements (including obtaining any necessary easements therefor); (ii) to conduct promotional and sales activities using unsold Units and the Limited Common Elements and Common Elements, which activities shall include but need not be limited to maintaining sales and management offices, model Units, parking areas, and advertising signs; and (iii) to do all other acts Declarant shall deem reasonably necessary in connection with the development and sale of the remaining Units. Declarant shall also have the right to grant easements over, through, or under any part of the Condominium for the benefit of the Condominium as a whole or any part thereof.

ARTICLE XVI RIGHT TO EXPAND

16.01 Reservation of Right. Declarant hereby reserves the right to expand the Condominium by adding all or a portion of the property described on Exhibit III attached hereto. Such right to expand may be exercised from time to time within ten (10) years from the date of recording, of this Declaration with the Dane County Register of Deeds office. Any such expansion shall be in the sole discretion of Declarant, and no Unit Owner or other person shall have the right to require the same.

16.02 Number, Location, and Style of Units. The maximum number of additional Dwelling Units shall be 192, from within the existing Harbor House Apartments. The total number of Dwelling Units after full expansion shall be 240. Additional Parking Units shall consist of up to 260 Units, and the total number of Parking Units after expansion shall be 326.

16.03 Effect on Percentage Interest in Common Elements. The percentage interests of

the Units in the common elements, the liabilities for common expenses and the rights to common surpluses following each addition of property to the condominium shall be equal. The number of votes appurtenant to each Unit following the addition of any property to the condominium shall be one.

16.04 Effective Date of Expansion. The Condominium shall be deemed expanded when an amendment to this Declaration is recorded in the Dane County Register of Deeds office, which amendment shows the new percentage interests of the Unit Owners and the votes which each Unit Owner may cast in the Condominium as expanded, and when an amendment to the Condominium Plat is recorded as required in Section 703.26, Wisconsin Statutes (2003-04), as amended.

16.05 Effect of Expansion. Upon the recording of an amendment to the Declaration and Condominium Plat, each Unit Owner, by operation of law, shall have the percentage interests in the Common Elements, liabilities in the Common Expenses, rights to Common Surpluses, and shall have the number of votes set forth in the Declaration amendment. Following any such expansion, the interest of any Mortgagee shall attach, by operation of law, to the new percentage interests in the Common Elements appurtenant to the Unit on which it has a lien. Declarant shall have an easement over, through, and under the existing Common Elements to facilitate the expansion; provided, however, any damage to the Common Elements because of Declarant's use of the easement shall be Declarant's responsibility.

ARTICLE XVII AMENDMENTS

Except as otherwise provided herein, this Declaration may only be amended with the written consent of at least two-thirds of the Unit Owners and each Owner's consent shall not be effective unless approved by the mortgagee of the Unit; and provided, however, that no such amendment may substantially impair the security of any Unit Mortgagee. No amendment to the Declaration affecting the status or rights of the Declarant may be adopted without the written consent of Declarant. No amendment to this Declaration shall be effective until an instrument containing the amendment and stating that the required consents or votes were duly obtained, signed on behalf of the Association, and duly acknowledged or authenticated, is recorded with the Dane County Register of Deeds. For purposes of this provision and Declaration, each Unit shall have one (1) vote.

ARTICLE XVIII NOTICES

18.1 Notice to Association. The person/entity to receive service of process for the Condominium Association shall be Bruner Realty & Management, Inc., 632 Struck Street, Madison, Wisconsin 53719, or such other person/entity as may be designated from time to time by the Association, which designation shall be filed with the Wisconsin Secretary of State's office.

18.2 Notice to Mortgagees. Any first mortgagee of a Unit, upon written request to the secretary of the Association, shall be entitled to notice of any default which is not cured within

sixty (60) days in the performance by an individual Unit Owner of any obligation wider the condominium declaration. by-laws, rules and regulations, and related documents. Furthermore, the Association may voluntarily, without request, give such notices of delinquency to mortgagees of a Unit, as the Association deems appropriate.

ARTICLE XIX REMEDIES

If any Unit Owner fails to comply with all provisions of the Act, this Declaration. Association By-Laws, and Articles of Incorporation, or any rules and regulations promulgated by the Association, the Unit Owner may be sued for damages caused by the failure or for injunctive relief, or both, by the Association or by any other Unit Owner. In the event no damages are capable of being accurately determined, liquidated damages of One Hundred Dollars (\$100.00) may be assessed for each violation. Each day of violation shall constitute a separate violation for purposes of this Article. Any and all attorney fees and other expenses incurred by the Association in enforcing this provision shall be reimbursed by the Unit Owner in violation and may be assessed against such Owner's Unit. Individual Unit Owners shall have similar rights of action, but not reimbursement, against the Association.

ARTICLE XX EASEMENTS

Easements are reserved over, through and underneath the Common Elements for ingress and egress and for present and future utility services, including but not limited to, easements for water pipes sanitary sewer pipes, emergency sewer lines, storm drainage pipes, sprinkler pipes, electrical wires, TV wires, security wires, and street lights, whether or not shown on the exhibits attached hereto. Easements for such utility services are reserved to the Declarant and Unit Owners. Easements for ingress and egress are reserved to the Association in, over, and under the Units and Limited Common Elements, their ceilings, floors, and walls for the purpose of making any repairs which are the obligation of the Association. The Association shall be responsible for any damage resulting from such easements.

ARTICLE XXI GENERAL

21.01 Utilities. Each Unit Owner shall pay for his/her telephone, electrical, and other utility services which are separately metered or billed to each user by the respective utility company. Utilities which are not separately metered or billed shall be treated as part of the Common Expenses.

21.02 Encroachments. If any portion of a Unit, Limited Common Elements, or Common Elements encroaches upon another, an easement for the encroachment and its maintenance shall exist. In the event all or a portion of the Condominium is damaged and subsequently reconstructed, the Unit Owners shall allow encroachments on the Units, Limited Common Elements, or on the Common Elements during construction, and easements for such encroachments and their maintenance shall exist.

21.03 Invalidity of a Provision. If any of the provisions of this Declaration, of the Association's Articles of Incorporation, if any, of the Association's By-Laws, or of any rules and regulations adopted by the Association, or any portion thereof shall be determined to be invalid by a court of competent jurisdiction, the remaining provisions and portions thereof shall not be affected thereby.

21.04 Conflict in Condominium Documents. In the event a conflict exists among any provision of this Declaration, the Articles of Incorporation, if any, the By-Laws, or any administrative rules and regulations, or between any of them, this Declaration shall be considered the controlling document.

21.05 Warranties. The Declarant has made no warranty or representation in connection with the Condominium, except as specifically set forth in this Declaration. No person shall rely upon any warranty or representation unless contained in this Declaration. Any estimates of Common Expenses, taxes, or other charges shall be considered estimates only, and no warranty or guarantee of such amounts shall be made or relied upon.

21.06 No Right of First Refusal. The right of a Unit Owner to sell, transfer, or otherwise convey his/her Unit shall not be subject to any right of first refusal or similar restriction for the benefit of Declarant or the Association.

21.07 Homestead. The Condominium or any portion thereof shall not be deemed to be homestead property of the Declarant.

21.08. Mortgage Agencies - Special Amendments. It is intended that this Declaration comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration and the Veterans Administration (hereinafter jointly the "Mortgage Agencies"), and this Declaration shall be liberally interpreted to favor such compliance.

Upon written request from those Mortgage Agencies that have an interest or prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time, an audited financial statement of the Association for the immediately preceding fiscal year.

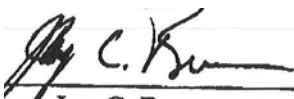
To the extent permissible, and notwithstanding any provision herein to the contrary, any lien of the Association for common expense charges and assessments being payable on or after the date of recordation of a first mortgage to or guaranteed by a Mortgage Agency, shall be subordinate to such first mortgage on the Unit. Such a lien for common expense charges and assessments shall not be affected by any sale or transfer of a unit, except that a sale or transfer of a unit pursuant to a foreclosure of a first mortgage shall extinguish a subordinate lien for common expense charges and assessments which become payable prior to such sale or transfer. Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a Unit from liability for, nor share of common expense upon being assessed therefore by the Association.

The Declaration may not be amended nor the Condominium merged with a successor condominium without prior written approval of the Secretary of the Veterans Administration, the Department of Housing and Urban Development, and the Federal Housing Administration, provided such approval shall not be required for amendments adding phases to the condominium pursuant to Article XVI of the Declaration nor for amendments made pursuant to this Paragraph 21.08 of the Declaration.

Declarant hereby reserves the right and power to record a special amendment to the Declaration at any time and from time to time which amends the Declaration (a) to comply with the requirements of the Mortgage Agencies, (b) to induce any of such Mortgage Agencies to make, purchase, sell, insure or guarantee first mortgages covering Units, (c) to bring this Declaration into compliance with the Act, or (d) to correct clerical or typographical errors in this Declaration, any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing an irrevocable power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor or, make, consent to, execute and record a special amendment on behalf of each Owner as proxy or attorney-in-fact as the case may be. Each deed, mortgage, trust deed, and other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of Declarant's authority to execute and record Special Amendments. The right of the Declarant to act pursuant to the rights reserved or granted under this paragraph shall terminate five (5) years from such time as the Declarant no longer holds or controls title to a Unit.

IN WITNESS WHEREOF, this Declaration has been executed this 3rd day of August, 2006.

HARBOR HOUSE EQUITIES, LLC



STATE OF WISCONSIN)
)ss
COUNTY OF DANE)

Personally came before me this 3rd day of August, 2006, Jay C. Bruner, Managing Member of Harbor House Equities LLC, to me known to be the person who executed the foregoing Declaration, and acknowledged that he executed the foregoing instrument.





DONALD I. GRIFFIN
Notary Public, Dane County, Wisconsin.
My commission expires April 22, 2007

MORTGAGEE CONSENT

The undersigned M&I Marshall & Ilsley Bank, as mortgagee of the property described on Exhibit I and Exhibit III, does hereby consent to the foregoing Declaration of Condominium.

Dated this 3rd day of August, 2006.

M&I Marshall & Ilsley Bank

Donald I. Griffin
Vice President

STATE OF WISCONSIN)
)ss
COUNTY OF DANE -)

Personally came before me this 26 day of August, 2006, Donald I. Griffin, Vice-President of M&I Marshall & Ilsley Bank, to me known to be the person who executed the foregoing Mortgagee Consent, and acknowledged that he executed the foregoing instrument

Notary Public, Dane County, Wisconsin

Notary Public, Dane County, Wisconsin

My commission expires

My commission expires

This instrument drafted by:
Atty. Robert W. Kuehling
Kuehling & Kuehling LLC
131 W. Wilson Street, Suite 501
Madison, WI 53703

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