DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR STONE CREEK

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS ("Declaration") is made by REGENCY HILLS—STONE CREEK LLC, a Wisconsin corporation ("Developer").

RECITALS

WHEREAS, the Developer is the owner of the real property located in the City of Kenosha, Kenosha County, Wisconsin, known as Stone Creek Subdivision (the "Subdivision") and

WHEREAS, the Developer, desires to subject Stone Creek Subdivision described on the attached Exhibit A and as shown on the final plat, which is made a part hereof and described in Article II of this Declaration (the "Property"), to conditions, covenants, restrictions, easements, liens and charges (hereinafter collectively referred to as "Covenants") set forth in this Declaration, each and all of which is and are for the benefit of the Property, the Developer, the City and for each owner thereof and shall pass with ownership of such Property, and each and every parcel and lot thereof, and shall apply to and bind the successors in interest and any owner thereof; and

WHEREAS, it is the Developer's intention to develop the Property as 110 single-family lots.

DECLARATION

NOW, THEREFORE, the Developer hereby declares that the Property is and shall be held, used, transferred, sold and conveyed subject to the Restrictions, Covenants and Easements hereinafter set forth.

ARTICLE I
DEFINITIONS

THE FOLLOWING words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

1.1 "Developer" shall mean REGENCY HILLS—STONE CREEK LLC, a Wisconsin corporation. The "Developer" may also mean the Architectural Control Committee and vice versa, with respect to any required approval and review process under the Declaration.

1.2 "Association" shall mean and refer to Stone Creek Homeowner's Association, Inc.

1.3 "Property" shall mean and refer to all existing properties as are subject to this Declaration.

1.4 "Single Family Lot" shall mean and refer Lots 2 through 90 and Lots 92 through 112 as shown on the recorded final Plat.

1.5 "Multi Family Lot" shall mean and refer to Lots 1 and 91 as shown on the recorded final Plat.

1.6 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title or any Lot; except that as to any Lot which is the subject of a land contract wherein the purchaser is in possession, the term "Owner" shall refer to such person instead of vendor.

1.7 "Member" shall mean and refer to all those Owners who are Member of the Association.

ARTICLE II
PROPERTY SUBJECT TO THE DECLARATION

2.1 Existing Property. The Property, more particularly described on Exhibit A attached hereto and as shown on the Final Plat, which is and shall be held, used, transferred, sold, conveyed and occupied subject to this Declaration is located in Kenosha County, Wisconsin, Wisconsin. The term "Existing Property" as used in this Declaration shall refer to all property, which is subject to the provisions hereof.

2.2 Additions to the Property. No additions to the Property or the subdivision are contemplated.

ARTICLE III
GENERAL PURPOSES AND CONDITIONS

3.1 General Purpose. The Property is subjected to this Declaration to insure the best and the most appropriate development; to protect Owners against such improper use of the Property as will Depreciate the value thereof; to preserve, as far as is practical, the natural beauty of the Property; to guard against erection of poorly designed or proportioned structures, and structures built of improper or unsuitable materials; to guard against an excess of similar architectural styles and thereby avoid housing monotony, to obtain harmonious color schemes; to insure the appropriate development of the Property; to encourage and secure the erection of attractive, substantial homes, with appropriate locations on Lots; to prevent haphazard and inharmonious improvement of Lots; to secure and maintain proper setbacks from street and adequate free space between structures; to encourage, secure and maintain attractive harmonious landscaping of Lots; and in general to provide adequately for a good quality of improvements to the Property and thereby to enhance the values of investments made by purchasers of the Lots.

3.2 Wetlands/Storm Water Drainage and Detention Areas. The area within Outlots 1 and 2 and Lots 97 and 98, as shown on the recorded final plat, shall be preserved and protected by prohibiting the following: grading, filling or excavation, the erection of any structures or buildings, the removal or destruction of any vegetative cover (except diseased vegetation and noxious weeds), the introduction of plants not indigenous to the existing environment, the gardening, cultivating and disposing of yard waste of any type, and grazing of domestic animals, where applicable. The cutting any live trees is prohibited, unless a permit is obtained from the City of Kenosha Forester. Subject to these restrictions, the Developer shall be responsible for the initial construction, installation and landscaping of the storm

water drainage and detention areas. The Association shall have the right and obligation to maintain the storm water drainage and detention areas in a functional, neat and nuisance free condition. No driveways, fences, or structures shall be erected within the storm water drainage and detention areas which block, divert, or reroute the drainage flow or which might interfere with the City's rights, unless express written approval is granted by the City and the Association and subject to any conditions as the City and/or the Association may impose. The Developer shall be relieved of all maintenance an obligation pertaining to the maintenance activities at the time the Association is turned over to the lot owners. This covenant shall run with the land and shall be binding upon the Developer, its successors, assigns and successors in title of the Lots, in their capacity as Owners of any such Lots and shall benefit and be enforceable by the City.

3.3 Land Use and Building Type. No Lot shall be used for any purpose except for single-family residential purposes as permitted by the City zoning ordinance. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling not exceeding two (2) stories or thirty-five (35) feet (plus attic) in height, and a private attached garage for a minimum of two (2) cars with an area not less than 440 square feet and not more than three (3) cars. No lot may be covered more than fifty percent (50%) of the total lot area with any combination of buildings, structures, driveway aprons, sidewalks, swimming pools, or other surfaces which are impervious to water. Notwithstanding anything contained herein to the contrary, the Developer and any subsequent purchaser of a Lot may use such Lot for purposes of building model homes open to the public for inspection and/or sale subject to the requirements set forth herein.

3.4 Exclusive Builder. The Developer reserves the right to designate and require buyers to use J.J.D. MasterCraft Builders, Inc. as the exclusive builder in the Subdivision.

3.5 Architectural Control. No building, fence, wall, swimming pool, driveway, deck, sidewalk, landscaping, or other structure or improvement of any type (including antennae of any size or shape, whether freestanding or attached to another structure) shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition or improvement to or change or alteration on any Lot (including without limitation, adding a deck, patio, or sidewalk, repainting or landscaping changes on existing homes for which plans have previously been approved) be made until the plans, specifications and plot plan showing the nature, kind, shape, height, materials, color and location of the same hereof shall have been submitted to and approved in writing as to quality, materials, harmony of exterior design and location in relation to other structures, topography and compliance with the provisions of this Declaration, by the Architectural Control Committee (hereinafter "ACC").

(a) So long as the Developer, or its successors and assigns, shall own one (1) or more

Lots, the authority and functions of the ACC shall remain in and be exercised solely by the Developer or its successors and assigns. When the Developer, or its successors and assigns, no longer owns one or more Lots, or at the end of fifteen (15) years from the date of sale of the first Lot to be sold by the Developer, whichever occurs first, the functions of the ACC shall be assumed by the Board of Directors of the Association.

(b) No Owner shall request or obtain a building permit for a Lot from the City without first obtaining the written approval of the plans and specifications from the ACC. In the event the ACC fails to approve or disapprove within thirty (30) days after the plans and specifications have been submitted to it, or in the event of disapproval, if no suit to enjoin the addition, alteration, or change or to require the removal thereof has been commenced before one (1) year from the date of completion thereof, then approval will not be required and this section will be deemed to have been fully complied with.

(c) The ACC shall have the right to waive minor infractions or deviations from these restrictions in cases of hardship or as otherwise determined by the ACC. The ACC shall have the sole discretion to determine which of the dwelling size requirements of this Declaration applies to a particular proposed dwelling and whether the same has been met.

(d) The provisions of this Declaration are minimum requirements and the Developer, or ACC, may in its discretion, require stricter standards or, conversely, may relax standards on a case by case basis if it reasonably determines that such modified standards are required for the benefit of the entire Property, provided such variance is not in conflict with the dedications and restrictive covenants running with the land as described on the final plat or the obligations imposed by this Declaration on Owners or the requirements of municipal ordinances. Further, the Developer or ACC may require reasonable alterations to be made to any of the plans to be submitted under this Declaration and said requirements shall be binding upon each and every Owner.

3.6 New Construction Only. No building shall be placed or permitted to remain on any Single Family Lot other than buildings newly constructed on the Lot, except Lot 107 which has an existing home and detached garage; no previously constructed dwelling or structures shall be relocated to or situated upon any Lot without the written approval of the ACC.

3.7 Dwelling Size. No dwelling shall be erected on any Lot having a ground area within the perimeter of the main building, or at or above finish grade elevation (exclusive of garages, porches, patios, breeze ways and similar additions), measured along the exterior

walls, of less than the following areas:

(a) Not less than 1,200 square feet for a one-story dwelling;

(b) Not less than 1,800 square feet for a split-level with a minimum first floor area of 1,100 square feet;

(c) Not less than 1,600 square feet for a two-story dwelling,

(d) Not less than 1,500 square feet for a one- and one-half story dwelling;

(e) With respect to all other types of dwellings, not less than such areas, determined by the ACC, as are consistent with the foregoing and with other provisions hereof.

However, the ACC, in its sole discretion, reserves the right to make any deviation from the above requirements.

3.8 Lot Grade, Setbacks, Building Location and Lot Area.

(a) No dwelling shall be constructed with slab on grade construction;

(b) No building shall be located on any lot nearer to the front line or nearer to the side street line than the minimum established under the Ordinances of the City. Notwithstanding the foregoing, no building or part thereof shall be erected nearer than:

Lots 2 through 90 inclusive:

- 25 feet from the front lot line
- 10 feet from the side lot line
- 12.5 feet from the street side of a corner lot
- 10 feet from the interior side of a corner lot
- rear yard not less than 30 feet in depth

Lots 92 through 106 and 108 through 112 inclusive:

- 30 feet from the front lot line
- 10 feet from the side lot line
- rear yard not less than 25 feet in depth
- no buildings allowed past the 75' Off Water Mark as shown on the recorded final Plat

(c) Any grading of a Lot must conform to the last approved Master Grading and

rainage Plans ("Grading Plans") on file with the City and Developer.

(d) Within each set of building construction plans submitted to the ACC for approval, shall be a plat of survey showing the placement of the proposed dwelling with the existing ground grade shown at all corners together with all easements as shown on the final plat. The ACC reserves the right to make modifications as to the final first floor grade of the building. The landscaping and drainage of the Lot shall conform to Grading Plans.

(e) Each Owner shall be responsible for insuring that drainage from said Owner's Lot adheres to the existing drainage patterns as set forth in the Grading Plans and that the Owner's construction and other building activity does not interfere with or disrupt the existing or planned drainage patterns. The existing drainage pattern on a Lot shall not be changed significantly, and no change to the drainage pattern on other lands within the Property shall be caused by an Owner, which varies from the Grading Plans as these plans are amended by the Developer from time to time, subject to City approval. Minor changes from said Grading Plans, where these changes do not violate the purpose, spirit and intent of said Grading Plans, shall be reviewed and may if, for good and sufficient reasons, be approved by the ACC; in all other cases, the approved grades shall be strictly adhered to. Lot owners shall be held responsible for any violation that will cause additional expense to the Developer or the City, or any other Owner to correct any grading problems. To the extent that the City performs any drainage maintenance activities, the Owner of Lots shall be liable for any costs which may be incurred by the City, which the City may recover from such Owner as a special assessment or special charge under Section 66.60 (or successor or similar provisions) of the Wisconsin Statutes or otherwise according to law or this Declaration.

(f) All sump pump discharge locations must be approved in advance by the ACC and must be situated and constructed in accordance with the applicable ordinances and drainage regulations of the City.

3.9 Public Sidewalks. Public sidewalks shall be dedicated to the City.

3.10 Completion. All construction of dwellings and other incidental structures shall be completed within one (1) year from date of issuance of the building permit by the City. The time of completion shall be extended by Architectural Control Committee in its sole discretion as a result of any delay due to strike, lockouts or acts of god or for any other good cause as determined by the ACC. The determination of when construction of a dwelling or other incidental structure has been completed shall be made in the sole discretion of the ACC. Paving of driveways, construction of walkways, seed and mulch shall be completed within the time restrictions of the City ordinance.

3.11 Easements/Dedications/Obligations.

(a) Easements-General. Certain Easements affecting the Property are recorded on the final plat for the Subdivision in the office of the Register of Deeds of Kenosha County, Wisconsin. Each Lot shall be subject to any easement, dedication, restrictive covenant, or any other restriction granted (and/or retained) by the Developer on such final plat or hereafter to be granted (and/or retained) by the Developer or its successors and assigns to the City, or to the Association, or public or semi-public utility companies, for the erection, construction and maintenance of all poles, wires, pipes and conduits for the transmission of electricity, telephone and for other purposes, and for sewers, storm water drains, gas mains, water pipes and mains, and similar services, for performing any public or quasi-public utility function or for any other purpose that Developer or its successors and assigns may deem fit and proper for the improvement and benefit of the Property and for any other purpose as set forth in dedications and restrictive covenants on the final plat. The Owner of any Lot on which such easement area(s) are located may use such areas, together with the area between the roadway and their lot, for grass, plantings, driveways and other such uses as are described on the final plat and shall otherwise care for and maintain such area provided such uses shall not interfere with the improvements, their uses and purposes, and the uses and purposes of the City; nor shall any improvements be placed within such areas without the prior written consent of the Developer, City and/or any other party having an interest in the respective easement area.

(b) Storm Water Detention Area Easements. Permanent easements for maintenance of the storm water detention basin and appurtenances areas situated in Lots 2 through 67, 72 through 77, 99 through 106 and Outlot 2 are hereby granted in favor of the City, which has full and complete rights and responsibility for maintenance of the same. In the event that work or repairs are needed within the easements, the Association is hereby granted full and complete rights of ingress and egress in order to accomplish the maintenance and work required. The Association shall restore the land to its condition prior to any such repairs or work.

(c) Setbacks. The minimum front or street setback, shore yard, side yard, rear yard and on other such areas ("Setback Areas") are and shall be reserved for the use of nonexclusive easements for utilities service, in whole or in part, the Property or any Lot located therein. By accepting title to a Lot and if not delineated on a final plat, each Owner hereby agrees that such Setback Areas may be subjected to

easements for utility lines for electricity, sewer, water, gas, telephone, cable television, or other similar utilities. Within fifteen (15) days of written request therefore by the Developer, each Owner, if necessary and if not previously obtained, shall grant specific easements (and cause their lenders to agree to a nondisturbance of such easements) upon such terms as may reasonably be requested. No structures or other improvements may be constructed in the Setback Areas except landscaping in accordance with approved landscaping plans or as otherwise specifically permitted by the ACC and subject to any additional restrictions as set forth in the final plat.

(d) Restricted Driveway Access. Direct vehicular driveway access to certain areas and lots specified on the Final Plat may be prohibited and/or restricted. Those restrictions are incorporated herein.

3.12 Zoning Laws, Etc. In addition to the provisions contained within this Declaration, all Lots and improvements thereon shall be subject to City ordinances and applicable state and federal laws, as may be amended from time to time (hereinafter collectively referred to as "Laws"). No Lot shall be further divided or combined without the approval of the City. The requirements under City ordinances are not stated herein and, therefore, it shall be the sole responsibility of every Owner to understand and insure compliance with City ordinances as the same may be amended from time to time. In the event of a conflict between the provisions of this Declaration and the City ordinances and the City ordinance is more strict than the provision contained herein, the City ordinance shall control. Failure to mention a requirement, with respect to any Lot or other necessary approval in this Declaration, shall not imply that no such requirement exists with the City and shall not constitute a waiver of such City requirement and/or approval.

3.13 Landscape Requirements. Landscape planting for any dwelling shall be completed as per City Ordinances except as set forth herein, and shall be properly maintained thereafter. In the event the landscaping is not maintained properly, in the opinion of the ACC, upon notification, the Owner of the Lot shall take adequate measures to properly maintain the landscaping. Refusal to comply with the maintenance requirement shall be considered a violation of this section 3.13 of this Declaration. No Owner (and no landscaper working under the authority of an Owner) shall cause ditch grades adjoining the Owner's Lot to be changed from those grades set forth in the approved Grading Plans. Lot Owners shall be held responsible for any violation that will cause additional expense to the Developer or the City or to any other Owner to correct any drainage grades, which have been altered, by an Owner or a landscaper working under the authority of an Owner. To the extent that the City performs any maintenance activities resulting from an unauthorized change in the ditch grade, the Owner of the adjoining Lot shall be liable for any costs which may be incurred by the City, which the City may recover from such Owner as a special assessment or special charge under §66.60 (or successor or similar provisions) of the

Wisconsin Statutes or otherwise according to law or this Declaration.

3.14 Nuisances, Etc. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be or may become a nuisance to the neighborhood.

(a) Trash, garbage, or other wastes shall not be kept except in sanitary containers and all such materials or other equipment for disposal of same shall be properly screened from public view. Outside incinerators are not permitted.

(b) No vehicle, truck, trailer, tent, shack, garage, barn, or other outbuilding or living quarters of a temporary character shall be permitted on any Lot at any time. There shall be no outside parking of boats or recreational type vehicles; such property must be stored in garages. No trucks, buses, or vehicles other than private passenger cars, station wagons, pickup trucks, or similar private vehicles shall be parked in private driveways for purposes other than in the normal course of construction or for services rendered to a dwelling or Lot.

(c) No external antennae, including satellite dishes, excepting satellite dishes of not greater than 18" in diameter, television antenna or radio towers of any type for any purpose, shall be permitted on any Lot at any time without the prior written approval of the ACC.

(d) No signs of any kind, character, or description shall be permitted and maintained upon any lot except "for rent" and "for sale" signs with an area no greater than 500 square inches, or signs bearing the name, address, or both of the residents occupying any dwelling situated on such Lot. The Developer shall be exempt from these sign restrictions.

3.15 Animals. Restrictions for animals kept on any Lot, shall be enforced under the City of Kenosha ordinance.

3.16 Storage Sheds. The Architectural Control Committee may approve permanent storage type sheds to be situated on a Lot. Structures to be considered must have cement slab foundations and be similar in design, character and color to the existing single-family dwelling. No storage shed may be constructed without ACC approval.

3.17 Garages; Parking and Concrete Driveway Approaches.

(a) Each Lot shall have a private, attached, enclosed garage for onsite storage of not less than two (2) automobiles and not more than three (3) automobiles for each one (1) family dwelling built upon such Lot and shall be connected to the street by

a properly surfaced asphalt, concrete, or brick driveway (such driveway shall be installed and completed by the Lot Owners, at such Lot Owner's expense, within twelve (12) months from the date of issuance of any occupancy permit.

(b) Driveways and garages shall be placed on the high side as per the approved grading plan, of each Lot except as otherwise approved by the ACC.

(c) The location of garage door(s), whether front or side entry, and the location of any driveway and its intersection with the street shall be subject to the approval of the ACC.

(d) No parking of any motorized or non-motorized vehicle including, but not limited to, a mobile home, trailer, boat, camper, truck, automobile, or other vehicle is permitted on the grassy portion of any lot. Temporary parking of a motorized or non-motorized vehicle is permitted only for a continuous period of time not to exceed 72 hours in any 30-day period.

(e) Maximum impervious surface coverage on any Lot shall be fifty percent (50%) of said Lot area. Impervious surface shall be defined as the portion of the Lot occupied by principal and accessory structures, sidewalks, driveways, patios, decks, pools and other related improvements, which are not considered to be landscaping by the ACC.

3.18 Roofing Material and Construction.

(a) All dwellings proposed to be erected, altered, or modified shall specify on the construction plans roofing materials acceptable in quality to the ACC and the construction shall be carried out with such roofing material as approved by the ACC.

(b) All dwellings shall have minimum roof pitches of 6:12 or as approved by the ACC.

3.19 Exterior Building Materials and Dwelling Quality.

(a) All dwellings proposed to be erected, altered, or modified shall, on the construction plans, denote exterior building material(s) proposed to be used; i.e.: brick, stone, wood, vinyl, or insulated aluminum siding or other similar materials acceptable to the ACC and the construction shall be carried out with the material(s) as approved by the ACC.

(b) The design, layout and exterior appearance of each dwelling proposed to be erected, altered, or modified shall be such that, in the opinion of the ACC at the time of approving of the building plans, the dwelling will be of good quality and will have no substantial adverse effect upon property values.

(c) The proposed color schemes for a dwelling to be erected, altered, modified, or repainted with a new color scheme shall be submitted to the ACC for approval prior to painting or staining. It shall be the aim of the ACC to harmonize colors for not only the dwelling proposed, but to consider the effect of these colors and materials as they relate to other dwellings.

(d) All color schemes, including the color of siding, roof, brick, or stone samples must be submitted to the ACC for approval before installation on the dwelling.

ARTICLE IV
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Membership. Each Owner shall be a Member of the Association. Such Membership shall be appurtenant to and may not be separated from ownership of a Lot. Every Member of the Association shall have one (1) vote in the Association for each Lot owned by the Member. When more than one (1) person or entity holds an interest in a Lot, the vote shall be exercised, as they themselves shall determine. So long as the Developer, or its successors and assigns shall own one (1) or more Lots, the authority and functions of the Board of Directors shall remain in and be exercised solely by the Developer or its successors and assigns. When the Developer, or its successors and assigns, no longer owns one (1) or more Lots, or at the end of fifteen (15) years from the date of sale of the first Lot to be sold by the Developer, whichever occurs first, the Developer shall promptly select three (3) Owners to serve on the Board of Directors of the Association until the next annual meeting of Members or until their successors have been duly elected. The Board of Directors, thereafter consisting of three (3) members, shall be elected by the Members at each annual meeting of Members. Members of such elected Board of Directors shall serve for one (1) year or until their successors have been duly elected. The members of the Board of Directors shall not be entitled to any compensation for their services as such members. Any Member who is delinquent in the payment of charges, assessments and special assessments charged to or levied against his Lot shall not be entitled to vote until all of such charges and assessments have been paid. Members shall vote in person or by proxy executed in writing by the Member. No proxy shall be valid after six (6) months from the date of its execution.

ARTICLE V
PROPERTY RIGHTS IN CERTAIN AREAS

5.1 Association Easement. Subject to the provisions hereof, the Association shall have a

right and easement of benefit in any wetland area and Outlots 1 and 2 and storm water easement areas located on any lots, as shown on the recorded final Plat, which shall be appurtenant and shall pass with title to every lot.

5.2 Damage or Destruction of Areas by Owner. In the event any area to which the Association is granted an easement or any portion of the water, drainage, or sanitary sewer systems servicing the Property is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or members of his family, such Owner does hereby authorize the Association or the City to repair said damaged areas; the Association or the City shall repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association. The amount necessary for such repairs, together with ten percent (10%) for overhead, shall be a special assessment upon the Lot of said Owner and shall accrue interest at the annual rate of eighteen percent (18%) unless paid in full within fifteen (15) days after notice to pay. Any such damage not caused by an Owner shall be the responsibility of the Association.

5.3 Right to Enter and Maintain. The Developer and the Association are hereby granted an easement and, consequently, shall have the right to enter upon any Lot, at reasonable notice to the Owner, for the purpose of repairing, maintaining, renewing, or reconstructing any utilities, facilities, detentions areas, drainage systems, sewer and water systems, impoundments or other improvements which benefit other Lots and/or the Subdivision as a whole, in addition to benefiting such Lot. If such Lot contains public utilities or facilities having an area-wide benefit which are maintained by the City, the City, following prior written notification to the Developer may, if necessary, maintain such facilities in good working order and appearance, enter upon any Lot in order to repair, renew, reconstruct, or maintain such facilities or utilities and may assess the cost, if such cost is not traditionally assumed by the City and/or prior to acceptance of such public improvements, to the Owners. No prior written notification shall be required for emergency repairs.

ARTICLE VI
COVENANT FOR ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. The Developer hereby covenants and each Owner of any Lot by acceptance of the deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant, assume and agree to pay to the Association (1) annual general assessments or charges; (2) special assessments for capital improvements and repairs; and (3) an initial assessment of One Hundred Dollars ($100.00) be paid by the Owner of any Lot at the time said Owner purchases the Lot from the Developer in order to capitalize the funds of the Association. All such assessments,

together with interest thereon and costs of collection thereof, including attorney's fees, shall be (a) a charge on the land and a continuing lien upon the Lot against which such assessment is made and (b) the personal obligation of the person who was the Owner of such property at the time of the assessment. Every Lot Owner, who has purchased a Lot from the Developer or any other Owner, shall be subject to the entire amount of the assessment due and shall pay the same or prorated amount in the year of closing to the Association.

6.2 Annual General Assessment.

(a) Purpose of Assessment. The annual general assessment levied by the Association each

(b) year shall be used exclusively to promote the health, safety and welfare of the Owners and, in particular, for the improvement, construction, maintenance, policing, preservation and operation of the wetland, detention basin and drainage easement areas, in accordance with the requirements set forth herein and those obligations and restrictive covenants set forth on the final plat including, but not limited to, the cost of labor, equipment, materials, insurance, management and supervision thereof and fees paid for auditing the books of the Association and for necessary legal and accounting services to the Board of Directors.

(b) Determination of the Assessment. The Board of Directors shall prepare and annually submit to the Members a budget of expenses for the ensuing year for payment of all costs contemplated within the purposes of the annual general assessment described in Section 6.2(a). Upon adoption and approval of the annual budget by a majority of the Members, the Board shall determine the assessment by dividing the amount of the budget among all fully improved Lots equally. The rate of assessment shall not be limited by the amounts set forth in Wisconsin Statutes, § 779.70.

(c) Method of Assessment. The assessment for each Lot shall be levied at the same time once in each year. The Board shall declare the assessments so levied due and payable at any time after thirty (30) days form the date of such levy (with an option for payment in monthly installments if approved by the Board), and the Secretary or other officer shall notify the Owner of every Lot so assessed of the action taken by the Board, the amount of the assessment of each Lot owned by such Owner and the date such assessment becomes due and payable. Such notice shall be mailed to the Owner at last known post office address by United States mail, postage prepaid.

(d) Date of Commencement of Annual General Assessments. Annual general assessments shall commence on the date as determined by Developer in its sole discretion.

6.2 Special Assessment for Capital Improvement and Repairs to Drainage System. In addition to the annual general assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year and not more than the next two succeeding years for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of capital improvements, including fixtures and personal property related thereto, and extraordinary expenses incurred in maintenance and operation of the surface water drainage system in the Subdivision. Special assessments may also be levied to defray the costs of replacing or repairing all pipes, drains, grates and other appurtenances (not otherwise owned by the City) located within any water drainage easement area.

6.3 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated to the lien of any first mortgage on the Lot.

6.4 Joint and Several Liability of Grantor and Grantee. Upon any sale, transfer, or conveyance, the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor as provided in this Article up to the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee therefore. However, any such grantee shall be entitled to a statement from the Association setting forth the amount of such unpaid assessments and any such grantee shall not be liable for, nor shall the Lot be conveyed subject to a lien for, any unpaid assessment against the grantor pursuant to this Article in excess of the amount therein set forth. If the Association does not provide such a statement within fifteen (15) business days after the grantee's request, it is barred from claiming under any lien, which was not filed prior to the request for the statement against the grantee.

6.5 Interest on Unpaid Assessment. Any assessment under this Article VI which is not paid when due shall thereafter, until paid in full, bear interest at the rate of eighteen percent (18%) per annum. In addition to the interest charges, a late charge of up to Fifty Dollars ($50.00) per day may be imposed by the Board of Directors against an Owner if any balance in common expenses remain unpaid more than thirty (30) days after payment is due.

6.6 Effect of Nonpayment of Assessments: Remedies of the Association. No Owner may waive or otherwise escape liability for assessments by abandonment of his Lot. If the Association has provided for collection of assessments in installments, upon default on the payment of any one or more installments, the Association may accelerate payment and declare the entire balance of said assessment due and payable in full. If the assessment levied against any Lot remains unpaid for a period of sixty (60) days from the date of levy, then the Board may, in its discretion, file a claim for maintenance lien against such Lot in the office of the Clerk of Circuit Court for Kenosha County within six (6) months from the date of levy. Such claim for lien shall contain a reference to the resolution

authorizing such levy and date thereof, the name of the claimant or assignee, the name of the person against whom the assessment is levied, a description of the Lot and a statement of the amount claimed and shall otherwise comply in form with the provisions of Wisconsin States § 779.70. Foreclosure of such lien shall be in the manner provided for foreclosure of maintenance liens in said statute or any successor statute.

6.7 Reduction of Assessments. Notwithstanding anything contained herein to the contrary, the Developer and/or Association shall not have the power to discontinue the collection of assessments and charges or reduce such assessments or charges to a level which, in the opinion of the Developer, would impair the ability of the Developer, Association, or the Owner to perform the functions as set forth herein and in the final plat.

ARTICLE VII
ENFORCEMENT, TERMINATION, MODIFICATION

7.1 Right to Enforce. This Declaration and the covenants contained herein and on the final plat are enforceable only by the Developer and/or the Association and/or the City and/or an Owner or such other person or organization specifically designated by the Developer, in a document recorded in the office of the Kenosha County Register of Deeds, as its assignee for the purpose thereof.

7.2 Manner of Enforcement. This Declaration and the covenants contained herein and on the final plat shall be enforceable in any manner provided by law or equity, including but not limited to one or more of the following:

(a) Injunctive relief;

(b) Action for specific performance;

(c) Action for money damages.

(d) Performance of these covenants by the Developer and/or the Association on behalf of any party in default thereof for more than thirty (30) days after receipt by such party of notice from the Developer or the Association describing such default. In such event, the defaulting Owner shall be liable to the Developer, or the Association, for the actual costs (plus ten percent [10%] for overhead) related to or in connection with performing these covenants.

7.3 Reimbursement. Any amounts expended by the Developer, the Association and/or an Owner in enforcing these covenants, including reasonable attorney fees, and any amounts expended in curing a default on behalf of any Owner or other party, shall constitute a lien against the subject real property until such amounts are reimbursed to the payer, with

such lien to be in the nature of a mortgage and enforceable pursuant to the procedures for foreclosure of a mortgage.

7.4 Failure to Enforce Not a Waiver. Failure of the Developer and other party to enforce any provision contained herein shall not be deemed a waiver of the right to enforce these covenants in the event of a subsequent default.

7.5 Right to Enter. The Developer, the Association, and/or the City shall have the right to enter upon any building site or other Lot within the premises for the purpose of ascertaining whether the Owner of said Lot is complying with these covenants.

7.6 Dedications/Restrictive Covenants/Easements. Each and every Owner of a Lot shall be subject to and bound by the easements, dedications and restrictive covenants as are set forth on the final plat.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Terms and Amendment. Unless amended as herein provided, this Declaration shall run with the Property and be binding upon all persons claiming under the Developer and shall be for the benefit of and be enforceable solely by the Association for a period of fifty (50) years from the date this Declaration is recorded and shall automatically be extended for successive periods of fifty (50) years unless an instrument signed by the Owners of two-thirds (2/3) of the Lots has been recorded, agreeing to terminate this Declaration in whole or in part. For the first fifteen (15) years following the date this Declaration is recorded, this Declaration may be amended at any time by written declaration, executed in such manner as to be recordable, setting forth such annulment, waiver, change, modification, or amendment executed: (a) solely by the Developer until such time as Developer conveys all Lots to other Owners (other than by multiple sale of Lots to a successor developer), and thereafter (b) by owners of seventy-five percent (75%) of the Lots (provided the written consent of the Developer or its successors and assigns is first obtained, so long as the Developer, or its successors and assigns shall own any Lots). Subsequent to such fifteen (15) year period, this Declaration may be amended by written declaration executed by at least seventy-five percent (75%) of the Lots subject to this Declaration provided the prior written approval of the City is obtained. Such written declaration shall become effective upon recording in the office of the Register of Deeds of Kenosha County, Wisconsin. All amendments shall be consistent with the general plan of development embodied in this Declaration.

8.2 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Kenosha

County Treasurer at the time of such mailings.

8.3 Severability. Invalidation of any of the provisions of this Declaration, whether by court order or otherwise, shall in no way affect the validity or the remaining provisions, which shall remain in, full force and effect. Said invalid or illegal provision will be modified to reflect, as close as possible, the original intent of the former invalid or illegal provision, but in such a manner so as to make said provision valid and legal.

IN WITNESS WHEREOF, this instrument has been duly executed this 15th day of December, 2004.

REGENCY HILLS—STONE CREEK LLC

By: _____
James J. Duerrwaechter, Member

State of Wisconsin)
) ss.
Kenosha County)

Personally came before me this 15th day of December, 2004, the above named James J. Duerrwaechter, to me known to be such person who executed the foregoing instrument and acknowledge that he executed the same on behalf of the Developer, by its authority.

_____
Notary Public, State of Wisconsin
My commission expires 2/24/2006

ROBERT W. FAY NOTARY PUBLIC STATE OF WISCONSIN

This instrument was drafted by
James J. Duerrwaechter
12-9-04