

**SILVER SLOPE-PART TWO HOMEOWNERS ASSOCIATION
BYLAWS**

ARTICLE I.

MEMBERSHIP AND VOTING RIGHTS

1. Every person or entity who is the owner of a fee or of the equitable title to a lot when purchasing under a contract, in Silver Slope-Part Two, Iowa City, Johnson County, Iowa, according to the plat thereof record in Plat Book 59, at page 216 Plat Records of Johnson County, Iowa, shall be a member of the Association. For the purpose of determining membership, such ownership will be deemed to have vested upon delivery of a duly executed deed or contract to the grantee or vendee. The legal title retained by a vendor selling under a contract shall not qualify such vendor for membership. Foreclosure of a contract or repossession for any reason of a lot sold under contract shall terminate the vendee's membership, whereupon all rights to such membership shall vest in the vendor. Membership shall include an undertaking by the lot owner to comply with and be bound by the Articles of Incorporation of this Association, these Bylaws and amendments thereto, and the policies, rules and regulations adopted by the Association in accordance with these Bylaws. Notwithstanding anything contained herein to the contrary, once a condominium regime is established for Lot 20, Silver Slope-Part

Two, the resulting condominium owners association shall be the member of this Association and be deemed the owner of Lot 20.

2. Members shall be all the owners as defined in Paragraph 1 of this Article. Members shall be entitled to one vote for each lot in which they have held the interest required for membership by Paragraph 1 for a period of at least seven days prior to the date of any meeting at which a vote of the membership will occur. When more than one person holds such interest in any lot, all such persons shall be members and the vote for such lot shall be exercised as they may among themselves determine, but in no event shall more than one vote be cast with respect to any such lot.

3. The membership rights (including voting rights) of any member may be canceled or suspended if such member shall have failed to pay when due any assessment or charge imposed upon him as hereinafter provided, or if the member, his family, his tenants, or guests of any thereof, shall have violated any rule or regulation of the Board of Directors regarding the use of any property or conduct with respect thereto.

ARTICLE II.

MEETINGS OF MEMBERS

1. The organizational meeting of the members of the Association to elect successors of the initial board of directors shall be held within one hundred twenty (120) days of the date on which the Subdivider has sold and given possession of eighty

percent (80%) of all of the lots within Silver Slope - Part Two or such earlier time if the Subdivider elects. Until such time, the Subdivider may appoint the initial board or any replacements thereof. Thereafter, annual meetings of the members of this Association shall be held in Johnson County, Iowa, on the second Monday in January of each year for the purpose of hearing any reports from Association officers and electing a board of directors to serve for the ensuing year. In addition, the members may transact such other business as shall properly come before such meeting, including approval of the budget for the current calendar year. The time and place of the annual meeting shall be fixed by the Board of Directors.

2. Special meetings of the members may be called at any time by the President, or by the written request of a majority of the members of the Association.

3. Written notice stating the place, day and hour of any meeting of members shall be given by the Secretary of the corporation and delivered either personally or by ordinary mail to each member at the last address provided by such member entitled to vote at such meeting not less than five days before the date of such meeting. In lieu of written notice, the Secretary may obtain the written waiver of notice of any meeting of the members from each member entitled to vote at such meeting.

4. A majority of the members entitled to vote, represented in person or by written proxy, shall constitute a quorum for the transaction of business at any meeting of the members.

5. All proxies shall be in writing and filed with the Secretary at the commencement of the meeting. Any proxy given by a person who shall not be a qualified member at the date of the meeting and any proxy given more than 11 months before the date of the meeting shall be void.

ARTICLE III.

BOARD OF DIRECTORS

1. The affairs of the Association shall be managed by the Board of Directors, initially appointed by the Subdivider but eventually elected by the members of the Association at the regular meeting.

2. The Board of Directors of this Association shall consist of not less than two members, nor more than five members, and do not need to be members of the Association. Each director shall hold office for a one-year term and until his or her successor shall have been elected and qualified.

3. The Board of Directors of this Association shall hold an annual meeting on the second Monday in January of each year at the site of the annual meeting of the members, immediately following the adjournment of the annual meeting of the members.

4. Special meetings of the Board of Directors may be held whenever called by the President by giving three-days' notice, in writing, orally, or by telephone, to each director. A majority of the directors may request the President to call a special meeting, and being so requested the President shall immediately call said meeting by giving three-days' notice to each director, or in lieu thereof, to obtain a written waiver of notice of said meeting from each director.

5. A majority of the directors of the Association shall constitute a quorum for the transaction of business at any meeting of the Board.

6. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles of Incorporation, or by these Bylaws.

7. In the case of any vacancy in the Board of Directors by reason of death, resignation, removal, or other cause, the remaining directors may elect or appoint a successor to fill such vacancy until the following annual election of directors by the members.

8. The Board of Directors shall provide for the administration of the Association, the maintenance and upkeep, including the maintenance and replacement of the equipment and improvements thereon of the Common Areas, and the collection and

disbursement of the Common Expenses and assessments. These duties include, but are not limited to:

- (a) repair and replacement of the improvements in the Common Areas;
- (b) procuring of utilities used in connection with the Common Areas;
- (c) landscaping of the Common Areas;
- (d) assessment and collection from the Owners of the Owner's pro rata share of the Common Expenses and assessments;
- (e) preparation of an annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;
- (f) preparing and delivering annually to the Owners a full accounting of all receipts and expenditures incurred in the prior year; such accounting shall be delivered to each Owner simultaneously with delivery of the annual budget;
- (g) keeping a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses and assessments; all records and vouchers shall be available for examination by an Owner upon at least three days advance written notice to the Board.

9. The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

- (a) to employ a managing agent or a real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;
- (b) to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;

- (c) to procure public liability and property damage insurance and Workers' Compensation insurance, if necessary, for the benefit of the Owners and the Association;
- (d) to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;
- (e) to include the costs of all of the above and foregoing as Common Expenses and assessments and to pay all of such costs therefrom;
- (f) to consent to amendments to the Declaration as therein provided;
- (g) to open and maintain a bank account or accounts in the name of the Association; and
- (h) to perform such duties as are consistent with the Bylaws.

10. The authority of the Board of Directors to enter into contracts shall be limited to contracts for expenditures specified in the budget and to other contracts involving a total expenditure of less than \$1,000.00, without obtaining the prior approval of a majority of the Owners, except contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received or for expenditures expressly set forth in the proposed annual budget approved by the Owners at the annual meeting.

11. The Association shall indemnify any person, his heirs, assigns and legal representatives, made a party to any action,

suit or proceeding by reason of the fact that he is or was a Director of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding. No Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Association or statements or advice made by or prepared by the Managing Agent of the Association or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

ARTICLE IV.

OFFICERS

1. The officers of the Association shall consist of a President, Vice-President and a Secretary-Treasurer, and such

other officers or assistant officers as the Board of Directors shall determine.

2. The officers shall be members of the Association, shall be elected annually at a general annual meeting of the Board of Directors, and shall serve for a period of one year thereafter and until their successors are duly elected and qualified. The President shall be a member of the Board of Directors.

3. The President shall be the chief executive officer of the Association and shall have the general control over the affairs and business of the corporation, subject to the direction of the Board of Directors. The President shall execute all deeds, leases, conveyances, agreements and contracts authorized by the Board of Directors and shall perform such additional duties as may be prescribed from time to time by the Board of Directors or the Articles or Bylaws of the Association. The President shall preside at all meetings of the members and of the Board of Directors.

4. The Vice-President shall perform and discharge the duties of the President in his absence for any cause whatever under the direction of the Board of Directors, and shall perform such other duties as may be assigned to him by the Board of Directors.

5. The Secretary shall keep a record of all votes and minutes of the proceedings of all members and directors' meetings, and shall give notice as required by these Bylaws of

all special meetings of members and directors. The Secretary shall have the custody of all books, records and papers of the Association and shall record the names and addresses of all members of the Association.

6. The Treasurer of the Association shall keep account of all monies and valuables in the name of and to the credit of the Association in such bank or banks and depositories as may be designated by the Board of Directors.

7. A vacancy in any office because of death, disability, resignation, removal, disqualification or otherwise, may be filled by any member of the Board of Directors for the unexpired term.

ARTICLE V.

ASSESSMENTS AND BUDGET

1. Annually, after the close of each calendar year and prior to the date of the annual meeting of the Association, the Board shall cause to be prepared and furnished to each Owner an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding calendar year, and a copy of said financial statement shall be furnished to each holder of a first mortgage lien upon any unit or units.

2. Annually, on or before the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year

estimating the total amount of the Common Expenses and assessments for the ensuing year and furnish a copy of such proposed budget to each Owner prior to the annual meeting. The annual budget shall be submitted to the Owners at the annual meeting of the Association for adoption and, if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a majority of the vote; provided, however, that in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved at such meeting, either the proposed annual budget or the proposed annual budget as amended.

3. (a) The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses and assessments in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against each respective Lot (herein called the "Regular Assessment"). The Regular Assessment against each Lot shall be paid in equal monthly installments, commencing on the first day of February of such calendar year and on the first day of each calendar month thereafter through and including the following January 1. Payment of the monthly installments of the Regular Assessment

shall be made to the Homeowners Association. The Regular Assessment for the year shall become a lien on each separate Lot as of February 1 of each calendar year.

(b) The Common Expenses shall include but are not limited to, the following:

- (1) the expenses, costs and charges incurred in connection with the administration, operations and management of the Association and Common Areas and Facilities;
- (2) the cost of maintenance, repair, replacement and restoration of the Common Areas and Facilities, or any part thereof;
- (3) the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the Declaration;
- (4) such amounts as the Board of Directors may deem proper for the convenience, comfort and well-being of the Lot Owners, and for the operation, management, and maintenance of the Property, including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year;
- (5) any other expense lawfully agreed upon.

4. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without approval of the Owners, unless otherwise provided by these Bylaws or the Declaration, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall

become a lien on each lot in a uniform manner (herein called "Special Assessment"). Any Assessment for new improvements within the Association Common Areas must be approved by a vote of 60% of the members.

5. The Regular Assessment to be charged against each lot shall be determined in accordance with the Declaration of Covenants, Conditions and Restrictions.

6. Each Owner shall be personally liable for the payment of all Regular, Interim and Special Assessments. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Regular, Interim or Special Assessment when due, the lien for such Assessment on the Owner's lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. In any action to foreclose the lien for Assessments, the Owner and occupant shall be jointly and severally liable for the payment to the Association of reasonable rental for such lot, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular, Interim or Special Assessment. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular, Interim or Special Assessment without foreclosing or

waiving the lien securing the same. In any action to recover a Regular, Interim or Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the Owner of the respective lot. Any Owner who has not paid his Assessments shall not be entitled to vote on any matter coming before the Association.

7. Every Owner shall promptly perform all maintenance and repair within his own lot, which, if neglected, would affect the value of the Property. The Association is not responsible for said maintenance and repair to the lot. Such maintenance and repairs include, but are not limited to, internal water lines, appliances, gas lines, telephones, air conditioning, doors, windows, lamps and all other accessories belonging to the Owner and appurtenant to the lot.

The Association, in performance of its maintenance duties, may, from time to time, make use of the external water outlets and faucets on the various lots; provided, however, that the Association may do so only if it provides monitoring for the amount of water used and reimburses the Owner whose outlet or faucet is used for the amount of water consumed by the Association in the performance of its duties within 90 days from the date or dates of use.

ARTICLE VI.

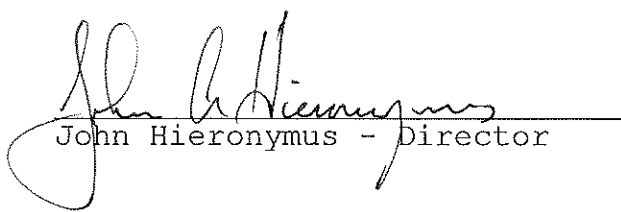
CORPORATE SEAL

The corporation shall not have a seal.

ARTICLE VII.

AMENDMENT

These bylaws may be amended, altered, repealed or new bylaws adopted by the members of the Association at a regular or special meeting of the members upon a sixty percent (60%) affirmative vote of all votes entitled to be cast.


John Hieronymus - Director