

BY-LAWS OF
WINDMILL HEIGHTS HOMEOWNERS' ASSOCIATION

ARTICLE I

Identification and Applicability

Section 1.01. Identification and Adoption. These By-Laws are adopted simultaneously with the execution of a certain Declaration of Covenants, Conditions, Restrictions and Easements for Windmill Heights subdivision (hereinafter "Declaration"). Said Declaration is incorporated herein by reference, and all of the covenants, conditions, restrictions and easements therein contained shall apply to and govern the interpretation of these By-Laws. The definitions and terms as defined and used in the Declaration shall have the same meaning in these By-Laws and reference is specifically made to Section 2 of the Declaration containing definitions of terms. The provisions of these By-Laws shall apply to the Windmill Heights subdivision and the administration and conduct of the affairs of Windmill Heights Homeowners Association. In the event of any conflict between these By-Laws and the Declaration, then the provisions of the Declaration shall control.

Section 1.02. Individual Application. All Owners, future Owners, tenants, future tenants, or their guests and invitees, or any other person that might use or occupy a lot or any part of Windmill Heights subdivision shall be subject to the covenants, conditions, restrictions, easements and rules set forth in the Declaration and these By-Laws.

ARTICLE II

Meetings of Association

Section 2.01. Purpose of Meetings. At least annually and at such other times as may be necessary, meetings of the Association's members shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the determination and collection of yearly assessments and special assessments, and for such other purposes as may be required by the Declaration and these By-Laws.

Section 2.02. Annual Meetings. The annual meeting of the members of the Association shall be held on the second Tuesday of December in each calendar year. At the annual meeting the members shall elect the Board of Directors of the Association in accordance with the provisions of these By-Laws, approve the annual budget and determine yearly assessments and special assessments and transact such other business as may properly come before the meeting.

(a) Conduct of Meeting. The Chairperson of the meeting shall be the President of the Association. They shall call the meeting to order at the duly designated time and business will be conducted in the following order:

(1) Reading of Minutes. The Secretary shall read the minutes of the

last annual meeting and the minutes of any special meeting held subsequent thereto.

(2) Treasurer's Report. The Treasurer shall report to the members concerning the financial condition of the Association and answer relevant questions of the members concerning the common expenses, yearly assessments, special assessments and financial report for the prior year and the proposed budget for the current year.

(3) Budget. The proposed budget for the ensuing calendar year shall be presented to the members for approval or amendment. The proposed budget shall include common expenses, yearly assessments and special assessments.

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any member from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least ten (10) days prior to the date of the annual meeting. Voting for Board of Directors will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Board member. Each member shall cast the total number of votes to which they are entitled for as many nominees as are to be elected; however, they shall not be entitled to cumulate their votes. Those persons receiving the highest number of votes shall be elected. All voting for election of the members of the Board of Directors shall be conducted by secret written ballot.

(5) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, that such written request requirement may be waived at the meeting if agreed by the Chairperson or by a majority of the members present and entitled to vote.

(6) Adjournment.

Section 2.03. Special Meetings. A special meeting of the members of the Association may be called by the President, by resolution of the Board of Directors or upon a written petition of a majority of members. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the special meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04. Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Iowa City, Johnson County, Iowa, as may be designated by the Board of Directors. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each member not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the members at their address as it appears in the records of the Association at the address as it appears in the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.05. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 2.04 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2.06. Voting.

(a) Number of Votes. Members shall be all Owners and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person or entity holds an interest in any Lot, all such persons or entities shall be members, however, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Voting rights shall be determined as follows:

(b) Multiple Owner. Where the Lot Owner constitutes more than one person or entity, there shall be only one voting representative entitled to all the vote allocable to that Lot. In the event the Owners of one Lot cannot agree on how a vote shall be cast, they shall forfeit their voting right on such issue as fractional voting shall not be permitted. At the time of acquisition of title to a Lot by multiple Owners those persons or entities constituting such Owners shall file with the Secretary of the Association a proxy appointing one of such persons or representatives as the voting representative for such Lot, which shall remain in effect until such appointed representative relinquishes such appointment in writing, becomes incompetent, dies, such appointment is rescinded by an order of a court of competent jurisdiction or the subject Lot which forms the basis of the vote is conveyed. Such appointed voting representative may grant a proxy to another to vote in such representative's place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which shall not constitute a permanent relinquishment of such Representative's right to act as voting representative for the Lot.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the corporation duly empowered by the Board of Directors of such corporation shall cast the vote to which the corporation is entitled.

(d) Proxy. A member may vote either in person or by such member's duly authorized and designated attorney-in-fact. Where voting is by proxy, the member shall duly designate such owner's attorney-in-fact in writing, delivered to the Association prior to the commencement of the meeting.

(e) Quorum. Except as otherwise expressly provided in the Declaration or these By-Laws, the members representing fifty percent (50%) of the votes entitled to be cast shall constitute a quorum at all meetings. The term majority of members or majority of vote, as used in these By-Laws, shall mean the members entitled to not less than fifty-one percent (51%) of the votes.

ARTICLE III

Board of Directors

Section 3.01. The affairs of the Association shall be governed and managed by the Board of Directors. The Board of Directors shall be composed of one person until the second annual meeting (December 2017) and at such time as the second annual meeting of the Board of Directors (December 2017) shall be increased to three (3) persons. No person shall be eligible to serve as a Director unless such person is a member. Where an Owner consists of more than one person, is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner or an officer or trustee shall be eligible to serve on the Board of Directors. No single Lot may be represented on the Board of Directors by more than one person at a time.

Section 3.02. Board of Directors. Until the second annual meeting (December 2017), the Board of Directors shall be G. Joseph Clark.

Section 3.03. Term of Office and Vacancy. The Board of Directors shall be elected by the members at each annual meeting of the Association. G. Joseph Clark shall be the sole Director until such time as other Directors are elected at the second annual meeting (December 2017). Directors shall hold office for a term of one (1) year or until their successors have been duly elected and qualified.

Any vacancy or vacancies occurring in the Board prior to an annual meeting of the Association shall be filled by a vote of a majority of the remaining Directors or by vote of the members if a Director is removed in accordance with Section 3.04 of this Article III.

Section 3.04. Removal of Directors. A Director or Directors, except the initial Director, may be removed with or without cause by a majority of the votes entitled to be cast at a special meeting of the members. In such case, such Director's successor shall be elected at the same meeting from eligible members nominated at the meeting. A Director so elected shall serve until the next annual meeting of the members or until such Director's successor is duly elected and qualified.

Section 3.05. Duties of the Board of Directors. The Board of Directors shall provide for the administration of the Association, the administration of the Association's maintenance obligations pursuant to the Declaration and the collection and disbursement of yearly assessments, special assessments and common expenses.

These duties also include, but are not limited to:

(a) Assessment and collection from the Owners of the Owner's pro rata share of the common expenses, yearly assessments and special assessments;

(b) Preparation of an annual budget, a copy of which will be mailed or delivered to each member at the same time as the notice of annual meeting is mailed or

delivered;

(c) Preparing and delivering annually to the members a full accounting of all receipts and expenses incurred in the prior year; such accounting shall be delivered to each member simultaneously with delivery of the annual budget;

(d) Keeping a current, accurate and detailed record of receipts and expenditures affecting the subdivision, specifying and itemizing the common expenses, yearly assessments and special assessments; all records and vouchers shall be available for examination by a member at any time during normal business hours. All records and vouchers shall also be available for examination by the holder of any first mortgage lien on any unit or units at any time during normal business hours.

Section 3.06. Powers of the Board of Directors. 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 members 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 Workmen's Compensation insurance, if necessary, for the benefit of the members 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 yearly assessments or special assessments and to pay all of such costs therefrom;

(f) To consent to amendments to the Declaration on behalf of the Association 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 Declaration.

Section 3.07. Limitation on Board Action. The authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$1,000.00 without obtaining the prior approval of a majority of members, except when the proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the members at the annual meeting.

Section 3.08. Compensation. No Director shall receive any compensation for any service rendered to the Association except to such extent of reimbursement for actual expenses incurred in the performance of the Directors duties.

Section 3.09. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place and at such time within Iowa City, Johnson County, Iowa, as shall be designated in the notice.

Section 3.10. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Quorum. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board.

Section 3.12. Non-Liability of Directors. The Directors shall not be liable to the Association for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. Every contract made by the Board shall provide that the Board of Directors, in executing such contract, is acting as Agent for the Association and shall have no personal liability thereunder.

Section 3.13. Additional Indemnity of Directors. The Association shall indemnify any person, such person's heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that such person is or was a Director of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by such person 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 that the Director is liable to the Corporation or that the Director improperly received personal benefit. No Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of such Director's 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 such Director failed or neglected to attend a meeting or meetings of the Board of Directors.

Section 3.14. Bond. The Board of Directors may require any or all officers and employees of the Association handling or responsible for Association funds to be covered by an adequate bond. The premiums on such bonds if required shall constitute a common expense.

Section 3.15. Informal Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE IV

Officers

Section 4.01. Officers of the Association. The principal officers of the Association shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02. Election of Officers. The officers of the Association shall be elected annually by the Board at the initial meeting of each new Board. Upon an affirmative vote of a majority of all members of the Board, any officer may be removed either with or without cause and such Officer's successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board, shall have and discharge all the general powers and duties usually vested in the office of president or chief executive officer of an association or a stock corporation organized under the laws of Iowa, including but not limited to the power to appoint committees from among the members as the President may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

Section 4.04. The Vice President. The Vice President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these By-Laws may pre-scribe or as shall, from time to time, be imposed upon the Vice President by the Board or by the President.

Section 4.05. The Secretary. The Secretary shall be elected from among the Directors. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of the proceedings of such meetings, shall perform all other duties incident to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provision of these By-Laws.

Section 4.06. The Treasurer. The Board shall elect from among the Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association. The Treasurer shall immediately deposit all funds of the Association coming into the Treasurer's hands in some reliable bank or other depository to be designated by the Board and shall keep such bank account in the name of the Association. The Treasurer shall also delegate duties to the management.

Section 4.07. Assistant Officers. The Board of Directors may, from time to time, designate and elect from among the Owners an Assistant Secretary and Assistant Treasurer who shall have such powers and duties as the officers whom they are elected to assist shall delegate to them and such other powers and duties as these By-Laws or the Board of Directors may prescribe.

Section 4.08. Compensation. No officer shall receive compensation from the Association for acting as such unless prospectively approved by a majority vote of the Directors at any regular or special meeting.

ARTICLE V

Assessments

Section 5.01. Annual Accounting. Annually, after the close of each calendar year the Board shall cause to be prepared and furnished to each member an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding calendar year.

Section 5.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association and upon request of a Lot Owner, 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, yearly assessments and special assessments for the ensuing year and furnish a copy of such proposed budget to each member at least five (5) days prior to the annual meeting. The annual budget shall be submitted to the members at the annual meeting of the Association for adoption and, if so adopted, shall be the basis for the yearly assessments and special assessments for the ensuing calendar year. At the annual meeting of the members, the budget may be approved in whole or in part or may be amended in whole or in part by a vote of the membership of the votes entitled to be cast at such meeting; provided, however, that in no event shall the annual meeting of the members be adjourned until an annual budget is approved at such meeting.

Section 5.03. Yearly Assessments.

(a) The annual budget as adopted shall, based on the estimated cash requirement for the common expenses and yearly assessments in the ensuing year as set forth in said budget, contain a proposed yearly assessment against each Lot. Immediately following the adoption of the annual budget, each member shall be given written notice of such yearly assessment against each respective Lot. The yearly assessment against each Lot shall be paid in one installment on or before the 10th day of January of such calendar year. Payment of the yearly assessment shall be made to the Association.

(b) 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;

(2) the cost of maintenance, repair, replacement and restoration of the Stormwater Management Facilities, the Windmill Place cul-de-sac and Outlot C, including mailbox cluster located on Outlot C as set forth in the Declaration;

(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 wellbeing of the Lot Owners, and for the operation, management, and maintenance of the subdivision, 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; except to the extent that the Declarant is obligated to make up such deficit;

(5) any other expense lawfully agreed upon.

Section 5.04. Special Assessments. From time to time common expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the members, unless otherwise provided in these By-Laws or the Declaration, the Board of Directors shall have the full right, power and authority to make special assessments for

capital improvements and operating deficits which, upon resolution of the Board, shall become a lien on each Lot in a uniform manner (herein called "Special Assessment") until such time as a Lot Owner pays its Special Assessment. The Board's authority to make said special assessment is limited to a special assessment totaling \$1,000.00 for the subdivision. A special assessment totaling more the \$1,000.00 for the subdivision shall only be approved upon a special meeting of members of the Association.

Section 5.05 Date of Commencement of Yearly Assessments and Due Dates. The yearly assessment provided for herein shall commence and be due with respect to each Lot on the 1st day of the month following the first conveyance of said Lot by Declarant. The due date for subsequent yearly assessments shall be the 10th day of January of a calendar year. Written notice of special assessments and such other assessment notices as the Board of Directors shall deem appropriate shall be sent to every Owner subject thereto. The due dates for all special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in recordable form signed by an officer of the Association setting forth whether the yearly and special assessments on a specified Lot have been paid. A properly executed certificate from the Association regarding the status of assessments for any Lot shall be binding upon the Association as of the date of its issuance.

Section 5.06. Effect of Nonpayment of Assessments; Remedies of the Association. If a yearly assessment or special assessment is not paid on the date when due, then the entire unpaid assessment shall become delinquent and shall become, together with such interest thereon and cost of collection, including reasonable attorney fees as hereinafter provided, a lien on such Lot and shall also be a personal obligation of the Owner. The personal obligation of the then Owner to pay such yearly assessments or special assessments shall remain their personal obligation and shall not pass to their successors in title unless expressly assumed by them. Where the Owner constitutes more than one person or entity the personal obligation shall be joint and several.

If the yearly assessment or special assessment is not paid within thirty (30) days after the delinquency date, the yearly assessment or special assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum; and the Association may bring an action at law or equity against the Owner personally obligated to pay the same or to foreclose the lien against the property, or both, and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action.

No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of their Lot.

ARTICLE VI

Amendment to By-Laws

Section 6.01. These By-Laws may be amended by a vote of not less than seventy-five percent (75%) of the vote of membership in a duly constituted meeting called for such purpose. Provided, however, that no amendment to these By-Laws which affects the value or quality of

the Lots may be adopted without the prior approval of the holders of a majority of first mortgage liens upon any Lot or Lots.

ARTICLE VII

Mortgagees

Section 7.01. Notice to Association. Any Owner who places a first mortgage lien upon his Lot or the mortgagee being the holder of any such first mortgage lien, shall notify the secretary of the Association and provide the name and address of the mortgagee. A record of such mortgagee and such name and address shall be maintained by the Secretary.

Section 7.02. Notice of Unpaid Assessments. The Association shall, upon request of a mortgagee, a proposed mortgagee or purchaser who has a contractual right to purchase a Lot, furnish to such mortgagee or purchaser a statement setting forth the amount of the unpaid yearly or special assessments against the Lot, which statement shall be binding upon the Association and the Owners, and any mortgagee or grantee of the Lot shall not be liable for nor shall the Lot conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement.

Dated this 23 day of May, 2016



G. Joseph Clark