BY-LAWS
OF
SPRING VALLEY HOMEOWNERS ASSOCIATION

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 Spring Valley Subdivision 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 By-Laws and amendments thereto, and the policies, rules and regulations adopted by the Association in accordance with these By-Laws.

2. Members shall be all the owners as defined in Paragraph 1 of this Article, including the Spring Valley Development Company, so long as it owns any lots within the subdivision. 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 cancelled 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 guest 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 Initial Members Meeting of this Association shall be held within 60 days of the date on which the Developer shall have transferred the eighth lot of the subdivision. Thereafter annual Annual meetings of the members of this Association shall be held in Johnson County, Iowa, on the 2nd Monday in May 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. 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 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 eleven 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, 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.

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 May 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 By-Laws.

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.

ARTICLE IV

OFFICERS

1. The officers of the Association shall consist of a President, a 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 By-Laws 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 Director's Meetings, and shall give notice as required by these By-Laws 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

1. The Association shall have no dues or membership fees. Each member shall, however, pay a prorata share of the costs of maintenance, repair, operation and improvement for water system, roadways and common areas within Spring Valley Subdivision as well as prorate share of the costs of any other services contracted through the Association. The Association shall assess the above costs once such costs have been determined on the basis of an equal share for each lot within Spring Valley Subdivision, provided, however, that no share of any cost associated with the

water system shall be assessed against a lot until such is actually connected to and is using said water system and no cost associated with the maintenance of the roadways shall be assessed against a lot until such time as the Developer has completed the required surfacing of the roadway in front of the lot to be assessed. The Board of Directors of the Association shall have the power to estimate costs and expenses and to collect such estimated costs by assessment in advance of actual expenditures; provided that any over assessment shall be offset against the next subsequent estimated assessment before the same is fixed by the Board of Directors. The amount of such assessments shall be determined and fixed by a majority vote of the Board of Directors upon such basis as the Board shall consider appropriate.

2. Assessments so made shall be paid to the Treasurer of the Association at such time or times as the Board of Directors shall direct.

3. When any member shall have failed to pay an assessment within seven days after the date on which the assessment was due, such member shall lose all of his or her rights, including voting rights, as a member of this Association. Said rights, including voting rights, shall be restored to such member only when he or she has paid the delinquent assessment in full.

4. In addition to the foregoing, if any member shall fail to pay his or her assessments after seven days' written notice to such member that the same are delinquent, the amount of the assessment shall become a lien on such member's lot or lots in Spring Valley Subdivision in favor of the Association, and the Association shall have the right to record notice of claim of lien and to proceed to enforce said lien in accordance with the applicable laws of the State of Iowa relating to the foreclosure of mechanic's liens; or, in the event the Association shall not record a lien, it shall have the right to commence an in personam action against such member for the collection of the assessments in any court of competent jurisdiction.

5. Any assessment lien as hereinabove provided for against a lot shall at all times be subordinate to any first mortgage lien against such lot.

ARTICLE VI

CORPORATE SEAL

The corporation shall not have a seal.

ARTICLE VII

(This document was approved at Board of Director's Meeting 10/19/83.)

Retyped November 2005