

BY-LAWS OF
WINDSOR RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I

Introduction/Purpose/Membership

Section 1.01. Introduction/Purpose/Membership. These are the Bylaws of Windsor Ridge Homeowners Association (hereinafter referred to as "Association"), a corporation organized pursuant to Chapter 504A of the 1993 Code of Iowa, as amended, for the purpose of owning, maintaining, controlling and managing the common areas and storm water detention facilities in all final plat approved and filed Windsor Ridge Subdivisions located in Iowa City, Johnson County, Iowa. The corporation shall also have the right to enforce any of the Protective Covenants and Restrictions for said subdivisions as well as to represent the interests of lot owners to issues affecting development of surrounding areas and maintain the quality of environment and quality of life.

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by Protective Covenants and Restrictions of record to assessment by the Association, including contract vendees, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separate from ownership of any lot which is subject to assessment by the Association.

The Association shall have one class of voting membership, being all of the owners of numbered lots in all final plat approved and filed Windsor Ridge subdivisions located in Iowa City, Johnson County, Iowa, entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine and as specified in these bylaws but in no event shall more than one vote be cast with respect to any lot.

ARTICLE II

Meetings of Association

Section 2.01. Purpose of Meetings. At least annually and at such other times as may be necessary, the meetings of the Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the payment of expenses and collection of assessments for Common Areas, and for such other purposes as may be required by these By-Laws and any applicable Protective Covenants and Restrictions.

Section 2.02. Annual Meetings. The annual meeting of the members of the Association shall be held on the third Tuesday of January in each calendar year. At the annual meeting the Owners shall elect the Board of Directors of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

(a) Conduct of Meeting. The Chairman of the meeting shall be the President of the Association. He 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 Owners concerning the financial condition of the Association and answer relevant questions of the Owners concerning the Common Expenses and financial report for the prior year and the proposed budget for the current year.

(3) Budget. The proposed budget for the current calendar year shall be presented to the Owners for approval or amendment.

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any Owner 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 Owner may cast the total number of votes to which he is entitled for as many nominees as are to be elected; however, he shall not be entitled to cumulate his 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 may be waived at the meeting if agreed by the Chairman or by a majority of the 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 not less than twenty-five (25%) of the members. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the 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 Owner and, if applicable, to any Mortgagee not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at their address as it appears upon the records of the Association and to the Mortgagee at the address as it appears on 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. To avoid fractional votes and to facilitate the orderly conduct of the meeting, each lot, regardless of the number of owners of said lot, shall be entitled to one (1) vote in matters over which the Association has control.

When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Multiple Owner. Where the Owner of a Lot constitutes more than one person, or is a partnership, 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 a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association a proxy appointing one of such persons or partners 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 his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which shall not constitute a permanent relinquishment of his 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. A Mortgagee may not be entitled to vote unless the mortgagee has become an Owner of any Lot.

(d) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Owner shall duly designate his attorney-in-fact in writing, delivered to the Association prior to the commencement of the meeting.

(e) Quorum. Except as otherwise expressly provided in any applicable Protective Covenants and Restrictions or these By-Laws, the Owners representing ten percent (10%) of the membership shall constitute a quorum at all meetings. The term majority of Owners or majority of vote, as used in these By-Laws, shall mean the Owners entitled to not less than fifty-one percent (51%) of the votes where a quorum is present.

ARTICLE III

Board of Directors

Section 3.01. The affairs of the Association shall be governed and managed by the Board of Directors (herein collectively called "Board" or "directors" and individually called "Director"). The number of Directors shall be fixed by the Board of Directors from time to time; provided, however, that no reduction of the number of directors shall have the effect of shortening the term of any incumbent Director. No person shall be eligible to serve as a Director unless he is an Owner. Where an Owner consists of more than one person or 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, except that 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 first annual meeting, the Board of Directors shall be John Moreland Jr. and Gary Watts of Iowa City, Iowa.

Section 3.03. Term of Office and Vacancy. The Board of Directors shall be elected at each annual meeting of the Association. 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 shall be filled by a vote of a majority of the remaining Directors or by vote of the Owners 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 Directors, may be removed with or without cause by vote of a majority of the vote at a special meeting of the Owners duly called and constituted. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Director so elected shall serve until the next annual meeting of the Owners or until his successor is duly elected and qualified.

Section 3.06. Duties of the Board of Directors. The Board of Directors shall provide for the administration of the Association, the maintenance and upkeep, including the maintenance and replacement of the improvements thereon, of the Common Areas, and Storm Water Detention facilities and the collection and disbursement of the Common Expenses and assessments. These duties include, but are not limited to:

- (a) protection and surveillance of the Common Areas and Storm Water Detention Facilities and repair and replacement of the improvements thereof;
- (b) maintaining and mowing ground cover in Common Areas and Storm Water Detention Facilities and keeping such areas free of debris;
- (c) maintaining and replacing landscaping in the Common Areas and Storm Water Detention Facilities;
- (d) resurfacing, repaving and maintaining any sidewalks in or constituting Common Areas or Storm Water Detention Facilities;
- (e) payment of real estate taxes on Common Areas and Storm Water Detention Facilities;
- (f) assessment of and collection from the Owners of the Owner's pro rata share of the common expenses and assessments;
- (g) 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;
- (h) preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year; such accounting shall be delivered to each Owner simultaneously with delivery of the annual budget;
- (i) keeping a current, accurate and detailed record of receipts and expenditures, specifying and itemizing the common expenses and assessments; all records and vouchers shall be available for examination by an Owner upon reasonable request. All records and vouchers shall also be available for examination by the holder of any first mortgage lien on any unit or units upon reasonable request.

Section 3.07. 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 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 Workmen's 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 adopt, review, amend and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation and enjoyment of the Property;

(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 these By-Laws and any applicable Protective Covenants and Restrictions.

Section 3.08. 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 \$7,500.00 without obtaining the prior approval of a majority of Owners, except in the following cases:

(a) 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;

(b) proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting.

Section 3.09. Compensation. No Director shall receive any compensation for any service rendered to the Association except to such extent as he may be reimbursed for actual expenses incurred in the performance of his duties.

Section 3.10. 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 3.11. 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 3.12. 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 3.13. 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 these By-Laws and any applicable Protective Covenants and Restrictions. 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 3.14. Additional Indemnity of Directors. 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.

Section 3.15. 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 shall constitute a common expense.

Section 3.16. Insurance. The Board of Directors shall procure a master comprehensive public liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time. Such comprehensive public liability insurance policy shall cover the Association, its Board of Directors, any committee or organ of the Association or Board of Directors, all persons acting or who may come to act as agents or employees of any of the foregoing. The Association shall also obtain any other insurance required by law to be maintained, including but not limited to workers' compensation insurance and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate.

Section 3.17. 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 his 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. He 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 Owners as he 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 prescribe or as shall, from time to time, be imposed upon him 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. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank account in the name of the Association. He 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 at any normal or special meeting.

ARTICLE V

Assessments

Section 5.01. Annual Accounting. 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, upon request, shall be furnished to each holder of a first mortgage lien upon any unit or units.

Section 5.02. Proposed Annual Budget. 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. 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.

Section 5.03. Regular Assessments.

(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 on or before March 1. Payment of the Regular Assessment shall be made to the Homeowners Association. The Regular Assessment for the year shall become a lien on each 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 Storm Water Detention Facilities;

(2) the cost of maintenance, taxes, repair, replacement and restoration of the Common Areas and Storm Water Detention 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;

(4) such amounts as the Board of Directors may deem proper 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.

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 Owners, 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 which, upon resolution of the Board, shall become a lien on each Lot in a uniform manner (herein called "Special Assessment"). Each owner shall be given written notice of such Special Assessment against each respective lot. The Special Assessment against each lot shall be paid as determined and required by the Board of Directors. Payment of a Special Assessment shall be made to the Homeowners Association.

Section 5.05. Failure of Owner to Pay Assessments. Each Owner shall be personally liable for the payment of all Regular 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 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 or Special Assessment. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular 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.

ARTICLE VI

Restrictions on Use

Section 6.01. Right of Board to Adopt Rules and Regulations. The Board may promulgate such additional rules and regulations regarding Common Areas and Storm Water Detention Facilities as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board, and the Board shall cause copies of such rules to be delivered or mailed promptly to all Owners. Such rules shall not be in violation of any applicable Protective Covenants and Restrictions.

ARTICLE VII

Amendment to By-Laws

Section 7.01. These By-Laws may be amended by a vote of not less than seventy-five percent (75%) of the vote of the Owners 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 any lot may be adopted without the prior approval of the holders of a majority of mortgage liens upon such lot.

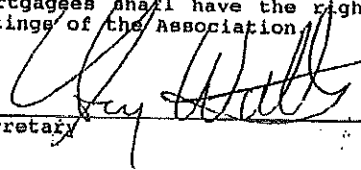
ARTICLE VIII

Mortgagees

Section 8.01. 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 8.02. 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 Regular 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.

Section 8.03. Notice and Representative. Any and all mortgagees shall receive specific notice from the Association of the intention of the Association to amend any provisions of the By-Laws or Article of Incorporation of the Association; and any and all mortgagees shall have the right to designate a representative to attend any meetings of the Association.


Secretary