BYLAWS
OF
PHEASANT RUN SUBDIVISION HOMEOWNER'S ASSOCIATION

These are the Bylaws of PHEASANT RUN SUBDIVISION HOMEOWNER'S ASSOCIATION (hereinafter referred to as "Association"), a corporation organized pursuant to Chapter 504 of the Code of Iowa, for the purpose of administering PHEASANT RUN SUBDIVISION, Part 1 and Part 2, Iowa County, Iowa.

I. MEMBERS AND VOTING RIGHTS

1. The owners of each lot within Pheasant Run Subdivision Part 1 and Part 2, Iowa County, Iowa shall constitute the members of the corporation and membership shall automatically cease upon termination of all ownership interests. The Developer shall be and have the rights of a member with respect to unsold lots. Whenever only one spouse is a record titleholder, the other spouse shall be considered an owner for purposes of membership, and shall be bound by the provisions of all corporate documents.

2. An owner of record shall be recognized as a member without further action for so long as he holds an ownership interest. If ownership is acquired but not of record, or if acquired other than by way of conveyance or other formal instrument of transfer (such as by death, judicial act or dissolution), the person acquiring or succeeding to ownership shall present the Board of Directors of the Association evidence satisfactory to it of facts evidencing lawful ownership status prior to exercise of any rights of membership in the Association. Failure to provide such evidence shall not, however, relieve an owner of his ownership obligations. A fiduciary or other official acting in the representative capacity shall exercise all membership rights and privileges of the owner which he represents.

3. If more than one person is the owner of the same lot, all such owners shall be members and remain jointly and severally liable for all membership obligations. In such cases, or if more than one fiduciary or other official is acting in the premises, the votes entitled to be cast by the owners of that lot shall be cast by the person named for that purpose on a certificate signed by all such owners or fiduciaries or other officials and filed with the Board of Directors and such person shall be deemed to hold an ownership interest to such lot for purposes of voting and determining the representation of such ownership interest at any meeting or for purposes otherwise provided herein. If such certificate is not executed and filed with the Board of Directors, such membership shall not be in good standing and the vote for that lot shall not be considered in considering a quorum or a vote or for any other purposes until this Bylaw is complied with.

4. The owners of each lot shall be entitled to one vote on all matters to be determined by the members of the Association either as owners or as lots. Votes of a single lot may not be divided.

II. MEMBERS' MEETINGS

1. The annual and any special meetings shall be held at a time and at a place within Iowa County, Iowa, chosen by the Board of Directors and all such meetings, annual or special, shall be held at such particular time and place as is set forth in the notice thereof.

2. A special meeting shall be held whenever called by the President or, in his absence or disability, the Vice President, or by a majority of the Board of Directors. Such a meeting must be called by such officers or directors upon receipt of a written request from members representing one-fourth of the voting membership.

3. The Secretary or his designate shall give written notice of the annual meeting to each member. The person or persons calling a special meeting pursuant to Paragraph 2 hereof shall give like written notice of such special meeting. Notice shall set forth the time and place and purpose or purposes for which the meeting will be held. No action shall be taken at a special meeting which is not directly related to the purpose or purposes stated in the notice of such meeting.

4. Notice of members' meetings shall be given by mailing or delivering same not less than ten (10) days, nor more than thirty (30) days prior to the date of the meeting. Notice shall be deemed to be given if mailed by First Class Mail to the member at the address of his lot within Pheasant Run Subdivision, unless at the time of giving such notice such member has given written direction, delivered to an officer or member of the Board of Directors specifying a different mailing address to be carried on the rolls of the Association. If more than one person is the owner of the same lot or if more than one fiduciary or one official is acting in the premises, notice to such person shall be deemed to have been given, when given in accordance with this Paragraph to the person named in the certificate filed with the Board of Directors in accordance with Paragraph 3 of Article I. Notice of any meeting may be waived in writing by the person entitled thereto.

5. A quorum at a members' meeting shall consist of the presence of members in person or by proxy, representing a majority of the lots, entitled to vote at said meeting. The acts approved by a vote of a majority of the lots represented at a meeting at which a quorum is present shall constitute the acts of the membership unless a different rule is provided herein or by the Articles of Incorporation or other agreement to which the Association is a party. The President, or, in his absence or disability, the Vice President shall preside at each members' meeting. If neither the President nor the Vice President is able to preside, a chairman shall be elected by the members present at such meeting.

6. At any membership meeting, a person holding a member's proxy to vote shall be permitted to participate in such meeting and shall be permitted to cast such member's vote on all questions properly coming before such meeting, provided such proxy is in writing and signed by a member or other person entitled to cast votes. Said proxy shall also set forth the lot with respect to which such rights are pertinent, and the period which the proxy is to be in force and effect. The decision of the Board of Directors as to the sufficiency of any proxy for recognition shall be final and not subject to appeal to the members.

7. At all meetings, the order of business shall consist of the following:

A. Election of Chairman, if required.
B. Calling roll and certification of proxies.
C. Proof of notice of meeting or waiver of notice.
D. Reading and disposal of any unapproved minutes.
E. Reports of officers, if applicable.
F. Reports of committees, if applicable.
G. Election of Directors, if applicable.
H. Unfinished business.
I. New Business.
J. Adjournment.

III. BOARD OF DIRECTORS

1. The affairs of the Association shall be managed by an initial Board of three (3) Directors. The initial Board shall consist of such person as the Developer and need not be a member of the Association. The initial Board shall serve until the first annual members' meeting. From and after the first annual meeting of members, the Board members shall be selected from the members of the Association, except as provided in Paragraph 2 below. An officer of a corporation owning a lot, a partner of a partnership owning a lot, or a designated agent of such officer or partner shall qualify to serve as a Director.

2. At the first annual members' meeting and at each annual meeting thereafter, three (3) directors shall be elected. Following the first annual members' meeting, the term of one board member so elected shall be two (2) years, and the term of the remaining two board members shall be one (1) year. Thereafter, the term of each board member shall be two (2) years and the term of office of each director shall extend until such time as his or her successor is duly elected and qualified, or until he or she is removed in the manner as is elsewhere provided. For so long as Developer owns twenty-five percent (25%) of the lots at the time such directors are to be elected, Developer shall have the right to elect or appoint a majority of the members of the Board, who need not be lot owners, and thereafter shall be entitled to elect or appoint at least one member of the Board until all lots have been sold by Developer. Directors appointed by the Developer shall have the same voting rights as Directors elected by the members.

3. Each director shall be elected by ballot (unless such requirement is waived by unanimous consent) and by a plurality of the votes cast at the annual meeting of the members of the Association. Each person entitled to vote shall be entitled to vote for as many nominees as there are vacancies to be filled by election and each director shall be elected by a separate ballot unless provided otherwise by unanimous consent of the members.

4. Except as provided in Paragraph 5 of these Articles, vacancies on the Board of Directors may be filled until the date of the next annual meeting by a vote of a majority of the Directors remaining in office regardless of whether those remaining constitute a quorum.

5. The initial Directors shall be subject to removal only by the Developer. Thereafter, a Director may be removed by concurrence of seventy-five percent (75%) of the members of the Association at a special meeting called for that purpose. The vacancy on the Board of Directors so created shall be filled by the persons entitled to vote at the same meeting.

6. The initial Directors, as well as any other Directors appointed by the Developer, shall serve without compensation. Directors elected by the members shall receive such compensation and expenses as is approved by the persons entitled to vote at any annual or special meeting.

7. An organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected. No further notice of the organizational meeting shall be necessary.

8. A majority of the Board may, by resolution, set the time and place for regular meetings of the Board and no notice thereof shall be required until such resolution is modified and rescinded. Special meetings of the Directors may be called by the President, Vice President, or any two Directors provided not less than two days' notice is given, personally or by mail, telephone, or telegraph, which notice shall state the time, place and purpose of the meeting.

9. A quorum at the Directors' meeting shall consist of two-thirds of the entire Board of Directors. The acts approved by a majority of those present at a meeting duly called at which a quorum is present shall constitute the acts of the entire Board of Directors, except where approval by a greater number of Directors is required by these Bylaws.

10. The presiding officer of a Director's meeting shall be the President, or in his absence, the Vice President.

11. The Board of Directors, by resolution approved by all members thereof, may designate from among its members or the members of the Association such committees as it deems advisable and by resolution provide the extent and manner to which the same may have and exercise the authority of the Board.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, and the Articles of Incorporation. Such powers and duties of the Directors shall be exercised in accordance with the provisions of the Protective Covenants and Restrictions which govern the use of the land. In addition to those powers elsewhere provided, the Director's powers shall include but not be limited to the following:

1. To collect assessments against members for all common expenses.

2. To use the proceeds of assessments in the exercise of its powers and duties.

3. To perform the maintenance, repair, replacement and operation of the Association's property including all common elements, and facilities, and real estate as applicable, and the making or providing for payment for all such work and approving or delegating to the officers authority to approve vouchers therefore.

4. To perform the reconstruction, repair, restoration, or rebuilding of the Association's property and of any lots as applicable after casualty; construction of new improvements or alterations if approved; to make and amend regulations respecting the use and occupancy of the property in Pheasant Run and to permit or forbid an action or conduct within the discretion committed to them in the law, Bylaws, Protective Covenants and Restrictions and Resolutions of the members.

5. To enforcement by legal means the provisions of the Articles of Incorporation, Bylaws of the Association, Protective Covenants and Restrictions, and the regulations for the use of the property in the Subdivision; and to take legal action in the name of the Association and on behalf of its members.

6. To contract for management of the Subdivision and to delegate to such manager any or all powers and duties of the Association except such as are specifically required by Bylaws or Resolutions of the members to have approval of the Board of Directors or the membership of the Association.

7. To employ, designate and discharge personnel to perform services required for proper operation of the Subdivision.

8. To carry insurance on the property committed to the Association and insurance for the protection of lot owners, and occupants and the Association.

9. To pay the cost of all power, water, sewer, and other utility or other services rendered to the Association and not billed directly to the owners of the individual lots.

10. To conduct all votes or determinations of the members other than at a membership meeting.

11. To borrow money from any bank, lending institution or agency for the use and benefit of the Association and to secure the loan or loans by pledge of the assets of the Association, and from time to time to renew such loan and give additional security.

12. To do such other acts as are necessary and proper to effect the purpose of the Regime as stated in the Articles of Incorporation and these Bylaws provided such acts are not otherwise prohibited.

V. OFFICERS

1. The officers of the Association shall be the President, who shall be a Director, a Vice President, who shall be a Director, and a Treasurer and Secretary which offices may be filled by one person, who need not be either a director or member. All such officers shall be elected annually by the Board of Directors and may be peremptorily removed and replaced by the vote of two-thirds of the Directors at any meeting. The initial officers and their successors until the first annual meeting shall be chosen by the initial Board of Directors and shall serve until the first annual membership meeting. The Board of Directors may from time to time create and fill other offices and designate the powers and duties thereof. Each officer shall have the powers and duties usually vested in such office, and such authority as is committed to the office by the Bylaws or by specific grant from the Board, but the officers shall be subject at all times to the provisions of the Bylaws and to the control of the Board of Directors.

2. The President shall be the chief executive officer of the Association. He shall preside at all membership meetings and meetings of the Board of Directors and shall have power to appoint committees from among the members to assist in the conduct of the affairs of the Association and the Subdivision.

3. The Vice President shall preside over the membership meetings in the absence or disability of the President, and shall otherwise exercise the powers and duties of the President in the event of the absence or disability of the President. The Vice President shall also generally assist the President and exercise such other powers and duties as are prescribed by the Directors.

4. The Secretary and Treasurer, which may constitute one office, shall keep the minutes of all proceedings of membership meetings and Directors' meetings, shall have custody and control of the Minute Book of the Association, and shall keep or be in charge and control of the records of the Association. Additionally, as Treasurer, said officer shall have control of the funds and other property of the Association and shall keep the financial books and records thereof.

5. The compensation of all officers and employees shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee, nor from contracting with a Director for management of the Subdivision.

6. Any instrument affecting an interest in real property may be executed by the President or Vice President and one other officer upon authorization of the Directors or in such manner as the Directors may otherwise direct.

VI. FISCAL MANAGEMENT

1. The Board of Directors shall adopt a budget for each fiscal year (which shall be the same as the Association's fiscal year for Income Tax purposes) which shall include the estimated funds required to defray the common expenses and to provide and

maintain funds for the following accounting categories according to good accounting practices:

(a) Current expenses which shall include all funds and expenditures to be made for the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance of this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

(b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.

(c) Reserve for replacement which shall include funds for repair or replacement required because of damage, destruction, depreciation or obsolescence.

2. The Board of Directors shall assess against each lot and the owners thereof shall be liable for, a share of the items in the budget adopted pursuant to paragraph 1 equal to the total budget divided by the number of lots when Pheasant Run. Such share shall be assessed annually in advance for the fiscal year for which the budget was prepared. Notice of such assessments shall be mailed or delivered not less than thirty (30) days prior to the first day of such fiscal year. Such assessment shall be due and payable from the respective lot owner or owners in two (2) equal installments, one installment being due and payable the first day of January, and a second being due and payable on the first day of July. In the event notice of such assessment is not timely given, the assessment will not change but the due date for each installment which would otherwise be due and payable, less than thirty (30) days from the giving of such notice, shall be due and payable on the due date of the first installment which is due not less than thirty (30) days from the date of such notice was mailed or delivered. In the event the annual assessment proves to be insufficient, the budget and assessments, therefore, may be amended at any time by the Board of Directors. Such amended budget may be adopted at a special Director's meeting upon an affirmative vote of a majority of the Directors. The additional amount so budgeted shall be assessed to each lot in the same manner as assessments for the annual budget and shall be prorated among the remaining installments due and payable in such year.

3. Assessments for common expenses for emergencies and extraordinary expenditures, which cannot be paid from the annual assessments for common expenses and maintenance funds shall be made only after notice of the need thereof to the lot owners. After such notice and upon approval in writing by persons entitled to cast more than one/half of the votes in the Association, the assessments shall become effective, and shall be due in such manner as the Board of Directors may require after thirty (30) days' notice thereof. In the event any expenditures for repair or replacement of any lot or common elements cannot be paid from annual assessments but can be at least ninety percent (90%) paid from insurance proceeds therefore, such expenditures may be made upon approval of the Board of Directors without approval of the members and an amended budget and assessment may be made therefore if necessary.

4. If an owner shall be in default of a payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to such owner, and thereupon the unpaid balance of the assessment shall become due upon the date stated in the notice, which shall be not less than ten (10) days after delivery thereof to such owner either personally or by registered or certified mail. Interest shall be computed on balances due under this paragraph but unpaid at the maximum rate of interest allowable by law from the date such balance becomes due and payable in accordance with the preceding sentence; such interest shall be in addition to any other payments for which said owner is liable.

5. The holder of a mortgage on any lot, upon its filing written request with the Association, shall be given written notice by the Association of the nonperformance of a mortgagor's obligations under these Bylaws, the Articles of Incorporation, or the Protective Covenants and Restrictions, which is not cured within thirty (30) days.

6. All sums assessed but unpaid, including but not limited to, interest with respect to a lot or against a lot owner shall constitute a lien on such lot prior to all other liens except:

(a) Tax liens on the lot in favor of any assessing lot and special district, and

(b) All sums unpaid on a first mortgage of record.

Said lien may be foreclosed by the Association in the manner and with the consequences provided in the Code of Iowa, as amended, in which event the owner shall be required to pay a reasonable rental for the lot. In the event the Association forecloses on any lien, the owner or owners of such lot, by their membership in this Association, specifically waive any rights to delay or prevent foreclosure which he or they may have against the Association by reason of the Homestead Exemption. The Association may sue for money judgment for unpaid assessments and interest or sums due without foreclosing or waiving any lien which it holds.

7. If a mortgagee or purchaser of a lot obtains title as a result of foreclosure of a first mortgage, neither such mortgagee or purchaser or their successors or assigns, shall be liable for the assessments chargeable to such lot, due prior to the acquisition of title, and such unpaid assessments shall thereafter be deemed to be common expenses collectible from all lot owners including the mortgagee or purchaser and their successors and assigns. The owner of a lot pursuant to a voluntary conveyance or by inheritance or devise shall be jointly and severally liable with the grantor or prior owner for all unpaid assessments against the grantor or prior owner, but without prejudice to the right of such grantee or devisee to recover from the grantor the amounts paid therefore. The grantee or other successor in interest of an individual subject to a levy of an assessment on account of default shall be liable for any such special assessment.

8. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from the accounts shall only be by checks signed by such persons as are authorized by the Directors.

VII. AMENDMENTS

1. These Bylaws may be amended, altered or repealed or new Bylaws adopted by the members at a regular or special meeting of the members upon the affirmative vote of 66 2/3% of all votes entitled to be cast. No amendment affecting a substantial change in these Bylaws, however, shall affect the rights of the holder of any mortgage recorded prior to recordation of such amendment who does not join in the execution thereof and who does not approve said amendment in writing.

2. No amendment may be adopted at either a special or regular membership meeting if said amendment was not included in the notice thereof. If notice of the proposed amendment has been given, however, an amendment relative to the same subject may be adopted by those present, in person or by proxy and possession of the requisite percentage of membership and voting interests. Furthermore, no vote by proxy may be counted unless the proxy expressly provides for such contingency. Notice referred to herein shall be given in the manner prescribed in Article II Section 3 of these Bylaws and shall be given to the persons described in Article II Section 4 and the holder of any first mortgage of record which has notified the Association of its interests not more than fifty (50) days nor less than thirty (30) days before the date such meeting will be held. More than one proposed amendment may be included in the notice of a meeting.

VIII. MISCELLANEOUS PROVISIONS

1. The invalidity of any portion or provision of these Bylaws shall not affect the validity of the remaining provisions or portions hereof.

2. The Association shall not have or employ a corporate seal.

3. The Board of Directors may require fidelity bonds from all directors, officers, or agents handling or responsible for Association funds and the expense of such bonds shall be a common expense of the Association.

4. The Association shall at all times maintain separate and accurate written records of each lot and owner and the address of each, and setting forth the status of all assessments, accounts and funds pertinent to that lot and owner. Any person other than a lot owner may rely on a certificate made from such records by an officer or agent of the Association as to the status of all assessments and accounts.

5. Each member shall have the obligations as a member as are imposed on him by the Corporation documents as an owner, and no member shall have any power or authority to incur a mechanic's lien or other lien effective against the Association property except as the same may attach only against his interest therein.

6. The Board of Directors may, in its discretion, issue written evidence of membership. Said document shall be evidence thereof only and shall not be transferable or negotiable. The share of the member in the assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as appurtenant to such assignment, hypothecation or transfer of the lot.

7. Each owner or lessee of his lot, as applicable, shall have a right to use and enjoy the Association property provided that such use shall be limited to the uses permitted by the governing documents of the Association.

IX. DEFINITIONS

Unless the context otherwise requires, the terms used herein shall have the following meanings:

1. Person. The term "person" shall include an individual, a corporation, or other legal entity or its representative.

2. Owner. The term "owner" for purposes of these Bylaws shall mean any person who owns an interest in one or more lots in the Subdivision. The holder of a leasehold interest in a lot shall not be an owner but the holder of an equitable interest shall be an owner.

3. Common expenses. The term "common expenses" shall include:

(a) Expenses of administration, expenses of maintenance, operation, repair or replacement of common areas, and the property to be maintained by the Association.

(b) Expenses declared common expenses by the Articles of Incorporation, the Protective Covenants and Restrictions or these Bylaws.

(c) Any valid charge against the Association as a whole.

5. Singular, plural and gender. Whenever the context so permits or requires the use of the singular shall include the plural, the plural the singular, and the use of any gender shall include all genders.

Gary W. Werle

Glen Meisner

W. Boyd Crosby