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FILED NO. BOOK 648 PAGE 332
1983 MAY 24 AM 11:42
Joan E. O'Neill
RECORDER
JOHNSON COUNTY, IOWA

EXTENSION OF CONDOMINIUM DECLARATION FOR ASPEN LAKE

This Extension is made on May 20, 1983, by the undersigned.

1. Background.

a. A horizontal property regime has been established for Lot 6, except the North 405 feet and the East 415 feet, of Aspen Lake Subdivision in Iowa City, Johnson County, Iowa, by a Condominium Declaration dated August 9, 1982, and recorded in the Johnson County Recorder's office in Book 629, page 257 (the "Declaration").

b. The undersigned owns the East 415 feet of Lot 6 of Aspen Lake Subdivision, which is Part 2 of the Project defined in the Declaration. The undersigned desires to extend the Declaration to the East 415 feet of Lot 6.

c. Paragraph 1.1 of the Declaration provides for the extension of the Aspen Lake horizontal property regime to Part 2, and the Developer, Kitzbuhel Corporation, granted Mad Creek Development Corporation, its successors or assigns, the right to extend the regime to Part 2.

d. Mad Creek Development Corporation conveyed the East 415 feet of Lot 6 to First National Bank of Muscatine, a national banking association, by warranty deed dated March 4, 1983, and recorded in the Johnson County Recorder's office in Book 628, page 449.

2. Land. This Part of the Project consists of the East 415 feet of Lot 6 of Aspen Lake Subdivision, Iowa City, Iowa.

3. Building. There is one Building (Building E) in this Part consisting of six six-Unit sections. The Building is substantially identical to the Building described in paragraph 1.4(b) of the Declaration. The floor plans of the Building are identical to those filed of record with the Condominium Declaration.

4. Units. There are six individual Units in each of six Building sections. Each Unit is substantially identical to the Units described in paragraph 1.5 of the Declaration.

5. Fractional Ownership of Common Elements. In accordance with paragraph 2.3(e)(1) of the Declaration, each Unit Owner's fractional interest in the Common Elements will be reallocated and reduced to 1/60 upon the recording of this Extension.

6. Submission to Act. The undersigned holds the fee simple title to the East 415 feet of Lot 6, and, by recording this Extension, submits said real estate to the provisions of the Act and the Declaration, which is incorporated by reference.

See Statement Bk. 665 Pg. 244 (10-28-83)

Executed at Muscatine, Iowa, on the date stated in the introductory paragraph.

FIRST NATIONAL BANK OF MUSCATINE

CORPORATE SEAL

By _____
Charles S. Bullock
Executive Vice-President

ATTEST:

_____
L.G. Sulzberger
Vice-President and Cashier

The undersigned consents to and joins in the foregoing Extension.

MAD CREEK DEVELOPMENT CORPORATION

By _____
Bruce A. Orr
President

ATTEST:

_____
Gary Jennings
Secretary

STATE OF IOWA, MUSCATINE COUNTY, ss.

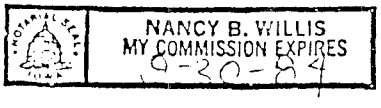
On May 20, 1983, before the undersigned Notary Public in and for the State of Iowa, personally appeared Charles S. Bullock and L.G. Sulzberger, to me personally known; being duly sworn, they stated that they are the Executive Vice-President and Vice-President and Cashier, respectively, of the corporation executing the foregoing instrument, that the seal affixed thereto is the seal of the corporation, and that the instrument was signed and sealed on behalf of

the corporation by authority of its Board of Directors; and, as such officers, they acknowledged the execution of said instrument to be the voluntary act and deed of the corporation, voluntarily executed by it and by them.

Notary Public in and for the
State of Iowa

STATE OF IOWA, JOHNSON COUNTY, ss.

On May 23, 1983, before the undersigned Notary Public in and for the State of Iowa, personally appeared Bruce A. Orr and Gary Jennings, to me personally known; being duly sworn, they stated that they are the President and Secretary, respectively, of the corporation executing the foregoing instrument, that no seal has been procured by the corporation, and that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and, as such officers, they acknowledged the execution of said instrument to be the voluntary act and deed of the corporation, voluntarily executed by it and by them.



Notary Public in and for the
State of Iowa

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John E. O'Neill
JOHN E. O'NEILL
RECORDER
JOHNSON CO., IOWA

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See File 166 G Drawer 16

ASPEN LAKE
CONDOMINIUM DECLARATION

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CONDOMINIUM DECLARATION

FOR

ASPEN LAKE

This Declaration is made on August 9, 1982, by Kitzbuhel Corporation, an Iowa corporation (the "Developer"). The terms used in this Declaration shall have the meanings set forth in Article 9.

PURPOSE

1. The Developer owns certain real estate (the "Land") located in the City of Iowa City, Johnson County, Iowa.

2. The Developer is constructing dwelling units on the Land and plans to cooperate with the owner of adjacent real estate in developing dwelling units thereon.

3. The Developer intends to submit the Land, and all buildings, structures, improvements, and fixtures thereon and all rights and privileges belonging or in any way pertaining thereto to a condominium regime pursuant to the Horizontal Property Act of the State of Iowa.

4. The Developer desires to establish for its benefit and for the mutual benefit of all future owners or occupants of the Project or any part thereof, and intends that all future owners, occupants, Mortgagees, and any other persons acquiring any interest in the Project will hold such interest subject to, certain rights, easements, and privileges in, over, and upon the Project and certain mutually beneficial restrictions, obligations, and liens with respect to the proper use, conduct, and maintenance thereof. All such rights, easements, privileges, restrictions, obligations, and liens are in furtherance of a plan to promote and protect the cooperative aspects of residence in the Project and are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Project.

1. THE PROJECT

1.1. In General. The Project consists of two parts. Part 1 consists of the real estate described in paragraph 1.2 and will include a Building containing a total of 24 Units. This Declaration applies only to Part 1 at this time. The Developer's present plans are to cooperate with Mad Creek Development Corporation, an Iowa corporation, which plans to construct a Building containing a total of 36 Units in Part 2, which will consist of the East 415 feet of Lot 6 of Aspen Lake Subdivision; the Building and Units in

Part 2 will be of styles, floor plans, sizes, and quality comparable to those in Part 1, and Part 2 will be subject to this Declaration and the By-laws. The Developer agrees that Mad Creek Development Corporation, its successors or assigns, may, but is under no obligation to, extend this Declaration to all or part of Part 2 by recording an Extension of Condominium Declaration which describes in detail Part 2 or the portion of Part 2 to which this Declaration is extended and incorporates this Declaration by specific reference, subject to the provisions of paragraph 10.3(a).

1.2. Land. Part 1 contains the following described real estate in the City of Iowa City, Johnson County, Iowa:

> Lot 6 of Aspen Lake Subdivision, except the North 405 feet thereof and except the East 415 feet thereof.

1.3. Phase. The Project consists of two phases, containing the Buildings of the type and with the Units indicated in the table attached as Exhibit A.

1.4. Buildings. There will be two different sizes of Buildings in the Project. Each Building is two and one-half stories in height and constructed in six-Unit sections. Each Unit has an individual patio or balcony with foundations of poured concrete or weather-treated decking material, respectively. The exterior walls are lumber and masonite panel siding, the floor framing is Douglas Fir, and the roofing is asphalt shingles. The interior walls are drywall with orange peel finish. The Building sidewalls are insulated with 3-1/2" fiberglass insulation. The six-Unit sections have dimensions of approximately 35 feet by 36 feet. Each Building section contains 6 individual Units, numbered 1 through 6 with Unit 1 located on the upper story and the left side facing the front; Unit 2 is located to the right of Unit 1. Unit 3 is located on the main floor on the left side, facing the front; Unit 4 is located to the right of Unit 3; Unit 5 is located on the lower level on the left side; Unit 6 is located to the right of Unit 5. Each six-Unit building is lettered as follows:

a. The West 24-Unit Building in Part 1 has four six-Unit sections lettered from west to east with the west section beginning with W1 and sections W2, W3, and W4 being to the east, respectively.

b. The East 36-Unit Building in Part 2 has six six-Unit sections lettered from west to east with the west section beginning with E1, and sections E2, E3, E4, E5, and E6 to the east, respectively.

The Building locations are shown on the Plat attached as Exhibit B. The floor plans of the Buildings are being filed of record at the time this Declaration is filed.

1.5. Units. There are six individual Units in each Building section. Each Unit includes a living room/dining/kitchen area and has one bedroom.

Each one-bedroom Unit has a main bath and a bedroom with a large bedroom walk-through closet. Space for a stacked washer and dryer is located in the hall. The mechanical room and a large coat closet are located between the bedroom and living area. Each Unit has dimensions of approximately 14 feet by 36 feet.

1.6. Submission to Act. The Developer holds the fee simple title to the Land and, by recording this Declaration, the Developer submits the Land to the provisions of the Act.

2. COMMON ELEMENTS

2.1. Definition. "Common Elements" means all the Project except the Units, and includes, without limitation, those items defined as "general common elements" in the Act, including the following:

a. The Land.

b. All foundations, floors, bearing walls and columns, exterior walls of each Unit and Building, ceilings and roofs, stairways, and entrances and exits or communication ways.

c. The outside parking areas, yards, and gardens, except as otherwise provided or stipulated.

d. All compartments, installations, and service mains or entry boxes for central services such as power, light, gas, cold and hot water, sewer, and telephone.

e. All other elements of the Project desirably or rationally of common use or necessary to the existence, upkeep, and safety of the condominium regime established by this Declaration.

2.2. Ownership of Common Elements. Each Unit Owner owns 1/24 of the Common Elements, subject to the provisions of Paragraph 2.3. The ownership interest in the Common Elements is an undivided interest, and the Common Elements are owned by the Unit Owners as tenants in common in accordance with their respective fractions of ownership. The ownership of each Unit may not be conveyed separately from the fraction of ownership in the Common Elements corresponding to the Unit. The undivided fraction of ownership in the Common Elements corresponding to any Unit will be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering the

Unit may refer only to the title to that Unit or may refer to an incorrect fraction for that Unit.

2.3. Final Adjustments by Developer. Subject to paragraph 10.3, the fractional interest of each Unit Owner in the Common Elements will be automatically adjusted if fewer than 24 Units are constructed in Part 1 of the Project or if the Project is extended to Part 2 pursuant to paragraph 1.1, as follows:

a. Part 1. If all 24 Units in Part 1 are not constructed, the fractional interest of each Unit Owner will be increased from 1/24 to a fraction, the numerator of which is one and the denominator of which is the number of Units constructed in Part 1. This adjustment shall be made as provided in subparagraph (b) below.

b. Part 2. If the Project is extended to all or part of Part 2, the fractional interest of each Unit Owner will be decreased. If 36 Units are constructed in Part 2 as presently contemplated, the effect of the extension will be to reduce the fractional interest from 1/24 to 1/60. If fewer than 36 Units are constructed in Part 2, the effect of the extension will be to reduce the fractional interest from 1/24 to a fraction less than 1/24 but greater than 1/60. This adjustment shall be made as provided in subparagraph (c) below.

c. Written Statement. Upon completion of the Project but, in any event, not later than July 1, 1988, the Developer will file of record a written statement reflecting the final adjustment of ownership interests in the Common Elements so that each Unit Owner will own a fraction, the numerator of which is one and the denominator of which is the total number of Units constructed at that time. If the Developer fails to file such written statement by July 1, 1988, the Association will do so.

d. Power of Attorney. In furtherance of the foregoing final adjustments, a power coupled with an interest is reserved to the Developer, its successors and assigns, as an attorney-in-fact to shift, increase, reduce, and reallocate the fractional ownership interests in the Common Elements appurtenant to each Unit to the fractional interests set forth in such written statement recorded pursuant to paragraph 2.3 of the Condominium Declaration, as amended. Each deed, contract, Mortgage, or other instrument with respect to a Unit and the acceptance thereof will be deemed to grant to, acknowledgment of, and consent to such power in the Developer and will be deemed to reserve to the

Developer the power to shift, reserve, reduce, and reallocate the fractional ownership interests in the Common Elements appurtenant to each Unit to the fractional interests set forth in such written statement.

e. Reservation of Rights. Each Unit Owner and his or her respective Mortgagees, grantees, judgment creditors, heirs, personal representatives, successors, and assigns, by the acceptance of a deed, contract, Mortgage, or other interest in or to any Unit, acknowledge, consent, and agree to such recorded written statement as follows:

(1) The fractional ownership interest in the Common Elements appurtenant to each Unit will automatically be shifted, increased, reduced, and reallocated to the extent set forth in such recorded written statement, and, upon the recording of such written statement, the amount by which such fractional interest appurtenant to a Unit is increased or reduced, as set forth in such written statement, will thereby be deemed to be released and divested from such Unit Owner and reconveyed and reallocated among the other Unit Owners as set forth in such written statement.

(2) Each deed, contract, Mortgage or other instrument affecting a Unit will be deemed given subject to the conditional limitation that the fractional ownership interest in the Common Elements appurtenant to each Unit will, upon the recording of such written statement, be divested, reconveyed, increased, or reduced pro tanto to the fractional interest set forth in such written statement and vested among the other Unit Owners, Mortgagees, and others owning an interest in other Units in accordance with the terms and fractional interests set forth in such written statement.

(3) A right of revocation is reserved by the Developer to amend and reallocate the fractional ownership interests in the Common Elements appurtenant to each Unit.

(4) The fractional ownership interest in the Common Elements appurtenant to each Unit will include any additional Common Elements later annexed thereto by an Extension of Condominium Declaration. Each deed, contract, Mortgage, or other instrument affecting a Unit will be deemed to include such additional Common Elements, and the ownership of any such Unit and the lien of any

Mortgage will automatically include and attach to such additional Common Elements upon such extension.

(5) Each Unit Owner has a perpetual easement appurtenant to his or her Unit for the use of any additional Common Elements annexed thereto and described in an Extension of Condominium Declaration for the purposes set forth therein, except as to any portion the use of which is limited by exclusive easements granted to the Unit Owners of specific Units as may be provided in any such extension or in this Condominium Declaration.

(6) The recording of a written statement increasing or reducing the fractional ownership interests in the Common Elements will not alter the amount of the lien for expenses assessed to a Unit prior to such recording or the respective amounts previously assessed to or due from Unit Owners for Common Elements or other assessments.

(7) Each Unit Owner, by acceptance of the deed or contract to his or her Unit, agrees that this Condominium Declaration is in accordance with the Act, and any changes increasing or reducing the fractional ownership interests in the Common Elements will be deemed to be made by agreement of all Unit Owners.

(8) The Developer reserves the right to amend the Condominium Declaration in the manner set forth in this paragraph 2.3, and each Unit Owner agrees to execute and deliver such documents as may be reasonably necessary or desirable to cause the provisions of this paragraph to comply with the Act, as amended from time to time.

(9) The foregoing provisions of this paragraph contain and all deeds, contracts, and Mortgages of the Units and Common Elements will contain clauses designed to accomplish a shifting and reallocation of the Common Elements. None of said provisions invalidate the other, but each is supplementary to the other toward the end that a valid shifting and reallocation of the Common Elements can be accomplished.

f. Voting Rights. Each Unit is entitled to one vote at all times, but the total number of votes in the

Association will be increased if the Project is extended to Part 2.

2.4. Use of the Common Elements. Each Unit Owner has the right to use the Common Elements (except the Limited Common Elements and portions of the Project subject to leases made by or assigned to the Board) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the respective Unit owned by such Unit Owner. The right to use the Common Elements extends not only to each Unit Owner, but also to his or her agents, servants, tenants, family members, customers, invitees, and licensees. However, each Unit Owner has the right to the exclusive use and possession of the Limited Common Elements serving such Unit alone or with adjoining Units.

a. Restrictions. The rights to use the Common Elements, including the Limited Common Elements, are subject to and governed by the provisions of the Act, Article 7 of this Declaration, and the By-Laws and rules and regulations of the Association.

b. Association's Authority. The Association has the authority to rent, lease, and grant concessions or easements with respect to parts of the Common Elements, subject to the provisions of this Declaration and the By-Laws. All income derived by the Association from leases, concessions, or other sources will be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions, or regulations as the Board may adopt or prescribe.

c. Lien. The Association may discharge any mechanic's lien or other encumbrance which, in the Board's opinion, constitutes or may constitute a lien against the Project, the Common Elements, or any portion thereof rather than a lien only against a particular Unit. If less than all the Unit Owners are responsible for any such lien, the responsible Unit Owners will be jointly and severally liable for the amount necessary to discharge the lien and for all costs and expenses, including attorney's fees, incurred because of such lien.

d. Parking. Parking spaces in the outside parking areas are part of the Common Elements, may be allocated and reallocated from time to time to the respective Unit Owners, and may be used by such Unit Owners in such manner and subject to such rules and regulations as the Board may prescribe. Parking spaces

not so used by Unit Owners may be rented or otherwise used in such manner as the Board may prescribe.

2.5. No Partition. The Common Elements and Units will remain undivided and not be the object of an action for partition or division of the co-ownership thereof so long as suitable for a condominium regime, and, in any event, all Mortgages must be paid in full or the prior written approval of all Mortgagees must be obtained prior to bringing an action for partition.

2.6. Limited Common Elements. "Limited Common Elements" means all Common Elements serving exclusively a single Unit or one or more adjoining Units as an inseparable appurtenance thereto, the enjoyment, benefit, or use of which is reserved to the lawful Occupants of such Unit or Units either in this Declaration, on the Plat, or by the Board. Limited Common Elements include, without limitation, convectors, pipes, ducts, electrical wiring, and conduits located entirely within a Unit or adjoining Units and serving only such Unit or Units; any balconies and patios and such portions of the perimeter walls, floors and ceilings, doors, vestibules, windows, and entryways, and all associated fixtures and structures therein, as lie outside the Unit boundaries; the air conditioning unit located outside each Unit; and the mail box assigned to each Unit.

2.7. Encroachments. If any portions of the Common Elements actually encroach upon any Unit, or if any Unit actually encroaches upon any portions of the Common Elements, or if any Unit actually encroaches upon another Unit, as the Common Elements and Units are shown by the Plat, there will be deemed to be mutual easements in favor of the owners of the Common Elements and the respective Unit Owners involved, to the extent of such encroachments, so long as the same exist.

3. MANAGEMENT OF PROJECT

3.1. The Association. Aspen Lake Association is an Iowa nonprofit corporation, which is the governing body for all the Unit Owners for the maintenance, repair, replacement, administration, and operation of the Project, as provided in the Act, this Declaration, the Articles of Incorporation, and the By-Laws.

a. Board. The Board of Directors of the Association is elected and serves in accordance with the provisions of the By-Laws.

b. Fiscal Year. The fiscal year of the Association is determined by the Board and may be changed from time to time as the Board deems advisable. The Association will not be deemed to be conducting a business of any kind.

c. Benefit. All activities undertaken by the Association must be for the sole benefit of the Unit Owners, and all funds received by the Association must be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions of this Declaration and the By-Laws.

d. Members. Each Unit Owner is a member of the Association so long as he or she is a Unit Owner, subject to provisions of the By-Laws. A Unit Owner's membership automatically terminates when he or she ceases to be a Unit Owner. Upon the conveyance or transfer of a Unit Owner's ownership interest to a new Unit Owner, the new Unit Owner simultaneously succeeds to the former Unit Owner's membership in the Association.

3.2. Management of Project. The Board has the authority to engage the services of an agent to maintain, repair, replace, administer, and operate the Project, or any part thereof, to the extent deemed advisable by the Board, subject to the provisions of paragraph 3.3. The term of a management agreement may not exceed one year, and the agreement may be terminated by the Association for cause upon 30 days' written notice. The Board also has the authority (but is not obligated) to engage, supervise, and control such employees as the Board deems advisable to clean and maintain all or any part of the Units to the extent the Board deems it advisable to provide such services for all or any portion of the Unit Owners. The cost of such services is a Common Expense.

3.3. Professional Management. If the Project is approved for mortgage financing by the Federal National Mortgage Association (FNMA), the Board will hire experienced, professional management services, unless this requirement is waived by FNMA, and the prior written approval of the holders of all first Mortgages will be required to effect a decision by the Association to terminate professional management and assume self-management.

3.4. Units for Building Personnel. The Board has authority to lease, purchase, and mortgage one or more Units or other residential quarters for building personnel. All rental or debt service paid by the Association pursuant to any such lease agreement or Mortgage will be a Common Expense. No such Unit or other residential quarters leased or purchased for building personnel will constitute a part of the Common Elements.

3.5. Use by Developer or Agent. During the period of sale by the Developer of any Units, the Developer and its agents, employees, contractors, and subcontractors, and their respective agents and employees, will be entitled to access, ingress to, and egress from the Buildings and Project as may be required for purposes of sale of Units. While the Developer or its agent owns any

of the Units, the Developer, its agents, and its employees may use and show one or more of such Units as a model Unit or Units, may use one or more of such Units as a sales office, and may maintain customary signs in connection therewith.

3.6. Non-Liability of Directors, Board, Officers, and Developer. Neither the Directors, the Board, or officers of the Association nor the Developer will be personally liable to the Unit Owners for any mistake of judgment or for any acts or omissions of any nature whatsoever as such Directors, the Board, officers, or Developer, except for any acts or omissions found by a court to constitute gross negligence or fraud. The Unit Owners will indemnify and hold harmless each of the Directors, the Board, officers, and the Developer, and their respective heirs, executors, administrators, successors, and assigns in accordance with the provisions of the By-Laws.

3.7. Board's Determination Binding. In the event of any dispute or disagreement between any Unit Owners relating to the Project or any questions of interpretation or application of the provisions of the Declaration or By-Laws, the dispute or disagreement will be submitted to the Board. The determination of the dispute or disagreement by the Board will be binding on each and all Unit Owners, subject to the right of Unit Owners to seek other remedies provided by law after such determination by the Board.

4. COMMON EXPENSES

4.1. Responsibilities. Each Unit Owner, including the Developer, must pay his or her proportionate share of the Common Expenses. Except for its responsibilities as a Unit Owner, as provided herein, the Developer has no responsibility for the maintenance, repair, or replacement of any part of the Common Elements after the date this Declaration is recorded. Such proportionate share of the Common Expenses for each Unit Owner will be determined in the manner provided in the By-Laws.

4.2. Payment. Payment of Common Expenses, including any prepayment thereof required by contract for sale of a Unit, will be in such amounts and at such times as determined in the manner provided in the By-Laws. No Unit Owner is exempt from payment of his or her proportionate share of the Common Expenses by waiver, non-use, or enjoyment of the Common Elements or Limited Common Elements or by abandonment of his or her Unit. If any Unit Owner fails or refuses to make any such payment of the Common Expenses when due, the amount thereof together with interest thereon at the maximum lawful rate in the State of Iowa, accruing from and after the date the Common Expenses become due and payable, will constitute a lien on the interest of such Unit Owner in the Project and his or her Unit, subject to the provisions of paragraph 6.3.

4.3. Enforcement of Lien. The Board may bring an action at law against the Unit Owner personally obligated to pay the same for collection of his or her unpaid proportionate share of the Common Expenses or foreclose the lien against the Unit or Units owned by such Unit Owner, and interest, costs, and reasonable attorney's fees of any such action will be added to the amount of such assessment. Each Unit Owner, by acceptance of a deed to or recording a contract for purchase of a Unit, expressly vests in the Board and its agents the right and power to bring all actions against such Unit Owner personally for the collection of such charges as a debt and to enforce the lien by all methods available for the enforcement of such liens. The lien will be in favor of the Association and will be for the common benefit of all Unit Owners. The Board acting on behalf of the Unit Owners has the power to bid upon an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. The enforcement of the lien hereunder will at all times be subject to the provisions of paragraph 6.3.

4.4. Separate Real Estate Taxes. Taxes, assessments, and other charges of any taxing or assessing authority will be separately assessed to each Unit Owner for his or her Unit and the corresponding percentage of ownership in the Common Elements, as provided in the Act. If such taxes or assessments for any year are not separately assessed to each Unit Owner but are assessed on the Project as a whole, each Unit Owner will pay his or her proportionate share thereof in accordance with his or her respective percentage of ownership interest in the Common Elements, and such taxes or assessments will be a Common Expense. Without limiting the authority of the Board, the Board has the authority to collect from the Unit Owners their proportionate share of taxes or assessments for any year in which taxes are assessed on the Project as a whole.

4.5. Insurance Policies. All insurance policies upon the Project will be purchased by the Association. The named insured will be the Association individually and as agent for the Unit Owners, without naming them, and as agent for their Mortgagees. Provision will be made for the issuance of Mortgage endorsements and memoranda of insurance to the Mortgagees. Such policies will provide that payment by the insurer for losses will be made to the Association or an insurance trustee designated by the Association, and all policies and their endorsements will be deposited with the Association or such trustee. Unit Owners may obtain coverage at their own expense for their personal property and other risks. Premiums for insurance policies purchased by the Association will be paid by the Association as a Common Expense. The Association is irrevocably appointed agent for each Unit Owner and for each Mortgagee to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon payment of claims.

4.6. Insurance Coverage. The Association will obtain the following insurance coverage:

a. Casualty. All Buildings and improvements will be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. All personal property included in the Common Elements will be insured for its value, all as determined annually by the Board of Directors. Such coverage will afford protection against:

(1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement.

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the Buildings, including but not limited to vandalism and malicious mischief.

b. Public Liability. Public liability insurance in such amounts and with such coverage as required by the Board of Directors and with cross liability endorsement to cover liabilities of the Unit Owners jointly and severally and the Association.

c. Worker's Compensation. Worker's compensation insurance to meet the requirements of Iowa law.

d. Directors' and Officers' Insurance. The Board also has authority to and may obtain such insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Project, each member of the Board and officer of the Association, and each member of any committee appointed pursuant to the By-Laws of the Association from liability arising from the fact that the person is or was a Director or Officer of the Association or a member of such a committee. The premiums for such insurance will be a Common Expense.

e. Other. Such other insurance as the Board of Directors determines from time to time.

4.7. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association will be for the benefit of the Association, the Unit Owners, and their Mortgagees as their interests may appear and will provide that all proceeds covering property losses will be paid to the Association as trustee, or to such other entity as may be designated as insurance trustee by the

Board of Directors, which trustee is referred to in this Declaration as the insurance trustee. The insurance trustee will not be liable for payment of premiums, the renewal or sufficiency of policies, or the failure to collect any insurance proceeds. The duty of the insurance trustee will be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this Declaration and for the benefit of the Unit Owners and their Mortgagees in the following shares:

a. Common Elements. Proceeds on account of damage to Common Elements: an undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to the Unit.

b. Units. Proceeds on account of damage to units will be held in the following undivided shares:

(1) When the Building is to be restored, for the Unit Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost will be determined by the Association.

(2) When the Building is not to be restored, an undivided share for each Unit Owner, such share being in the same proportion to the total proceeds for damaged Units as the square feet in such Unit bear to the total square feet of damaged Units.

c. Mortgagees. If a Mortgage endorsement has been issued as to a Unit, the share of the Unit Owner will be held in trust for the Mortgagee and the Unit Owner as their interests may appear; provided, however, that no Mortgagee will have any right to determine or participate in the determination as to whether or not any damaged property will be reconstructed or repaired, and no Mortgagee will have any right to apply or have applied to the reduction of a Mortgage debt any insurance proceeds except distributions of such proceeds made to the Unit Owner and Mortgagee pursuant to the provisions of this Declaration.

4.8. Distribution of Proceeds. Proceeds of insurance policies received by the Association or insurance trustee will be distributed to or for the benefit of the beneficial owners in the following manner:

a. Expenses of Trust. All expenses of the insurance trustee will be paid first or provision will be made for such payment.

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b. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds will be paid to defray the cost of such as elsewhere provided. Any proceeds remaining after defraying such costs will be distributed to the beneficial owners, remittances to Unit Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

c. Failure to Reconstruct or Repair. If it is determined that the damage for which proceeds are paid will not be reconstructed or repaired, the remaining proceeds will be distributed to the beneficial owners, remittances to Unit Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

d. Certificate. In making distribution to Unit Owners and their Mortgagees, the insurance trustee may rely upon a certificate by officers of the Association as to the names of the Unit Owners and their respective shares of the distribution.

5. MAINTENANCE, RECONSTRUCTION, CONDEMNATION

5.1. Maintenance and Units. Responsibility for the maintenance of the Units and restrictions upon the alteration and improvement thereof, are as follows:

a. By Association. The Association will maintain, repair, and replace at the Association's expense:

(1) All portions of a Unit, except interior surfaces, contributing to the support of the Building, which portions include but are not limited to the outside walls of the Building and all fixtures on the exterior thereof, boundary walls of Units, floor and ceiling joists and slabs, load-bearing columns and load-bearing walls.

(2) Patios and decks.

(3) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which are contained in the portions of a Unit maintained by the Association and all such facilities within which such items are contained.

(4) All incidental damage caused to a Unit by such work will be promptly repaired at the expense of the Association.

b. By Unit Owners. The Unit Owner will:

(1) Maintain, repair, and replace at his or her expense all portions of the Unit, except the portions to be maintained, repaired, and replaced by the Association, without disturbing the rights of other Unit Owners.

(2) Maintain, repair, and replace at his or her expense the air conditioning equipment serving the Unit, including any portion thereof which may be located outside the Unit, and all appliances, fixtures, and heating equipment located in his or her Unit.

(3) Not paint or otherwise decorate or change the appearance of any portion of the exterior of the Building.

(4) Promptly report to the Association any defect or need for repairs, for which the Association is responsible.

c. Alteration and Improvements. Except as may otherwise be reserved to the Developer, neither a Unit Owner nor the Association may make any alterations in the portions of a Unit or Building which are to be maintained by the Association, remove any portion thereof, make any additions thereto, or do anything which would jeopardize the safety or soundness of the Building, or impair any easement, without first obtaining approval in writing of owners of all Units in which such work is to be done and the approval of the Board of Directors. A copy of plans for all of such work prepared by an architect licensed to practice in this state must be filed with the Association prior to starting of the work. Any unit Owner may make alterations, additions, or improvements within his or her Unit (including minor alterations to the perimeter walls of the unit caused by nails, screws, staples, and the like) without the prior written approval of the Board, but such Unit Owner will be responsible for any damage to other Units, the Common Elements, the Project, or any part thereof, resulting from such alterations, additions, or improvements.

5.2. Maintenance of Common Elements.

a. By Association. The maintenance and operation of the Common Elements is the responsibility and expense of the Association.

b. Alteration and Improvement. After completion of the improvements included in the Common Elements which are contemplated by this Declaration, there may be no alteration or further improvement of Common Elements without prior approval in writing of the record owners of the Units; provided, however, that any alteration or improvement of the Common Elements approved in writing by not less than 75 percent of the Unit Owners and which does not interfere with the rights of any Unit Owners without their consent, may be done if the Unit Owners who do not approve are relieved from the initial cost thereof. The share of any cost not so assessed will be assessed to the other Unit Owners in the same ratio as their shares in the Common Elements bear to each other. There will be no adjustment in the shares and rights of a Unit Owner in the Common Elements which are altered or further improved, whether or not the Unit Owner contributes to the cost thereof.

5.3. Association's Rights.

a. Assessment. At the discretion of the Board, maintenance of, repairs to, and replacements within the Limited Common Elements may be provided and assessed in whole or in part to Unit Owners benefited thereby. Further, at its discretion, the Board may direct Unit Owners who stand to be benefited by such maintenance of, repairs to, and replacement within the Limited Common Elements to arrange for such maintenance, repairs, and replacements in the name and for the account of such benefited Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such lien waivers and contractor's and subcontractor's sworn statements as may be required to protect the Project from all mechanic's or materialmen's lien claims that may arise therefrom.

b. Necessary Maintenance. In addition to the discretionary authority provided herein for maintenance of all or any portion of the Units, the Board has the authority to maintain and repair any Unit, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Project, and the Unit Owner of the Unit has failed or refused to

perform the maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair delivered by the Board, and the Board will levy a special assessment against the Unit of such Unit Owner for the cost of the necessary maintenance or repair.

c. Damage. If, due to the act or neglect of a Unit Owner, or his or her agent, servant, tenant, family member, invitee, licensee, or household pet, damage is caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repair, or replacements are required which would otherwise be a Common Expense, such Unit Owner will pay for such damage or such maintenance, repair, and replacements, as may be determined by the Association; however, the provisions of this paragraph are subject to the waiver of subrogation rights with respect to casualty damage insured against under the policies of insurance maintained by the Board.

d. Access. The authorized representatives of the Association or Board, or the Managing Agent with approval of the Board, is entitled to reasonable access to the individual Units and Limited Common Elements as may be required in connection with the preservation of any individual Unit or Limited Common Elements in the event of an emergency, or in connection with maintenance of, repairs, or replacements within the Common Elements, Limited Common Elements, or any equipment, facilities, or fixtures affecting or serving other Units, Common Elements, and Limited Common Elements, or to make any alteration required by any governmental authority.

5.4. Decorating. Each Unit Owner, at his or her own expense, will furnish and be responsible for all decorating within his or her own Unit and Limited Common Elements serving such Unit as may be required from time to time, including painting, wall papering, washing, cleaning, panelling, floor covering, draperies, window shades, curtains, lighting, and other furnishings and decorating. Each Unit Owner is entitled to the exclusive use of the interior surfaces of the perimeter walls, floors, and ceilings of his or her Unit, and such Unit Owner will maintain the interior surfaces in good condition at his or her sole expense, as may be required from time to time. The maintenance and use of interior surfaces is subject to the rules and regulations of the Association, but each such Unit Owner has the right to decorate such interior surfaces from time to time as he or she may see fit and at his or her sole expense.

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Decorating of the Common Elements (other than interior surfaces within the Units as above provided and other than Limited Common Elements) and any redecorating of Units, to the extent such redecorating of Units is made necessary by damage to Units caused by maintenance, repair, or replacement of the Common Elements by the Association, will be furnished by the Association as part of the Common Expenses. The interior surfaces of all windows forming part of a perimeter wall of a Unit will be cleaned and washed at the expense of the Unit Owner of that Unit. No Unit Owner may decorate the portions of the balcony of his or her Unit visible from outside such Unit in any manner which detracts from the appearance of the Building, and the determination of the Board on such matters will be final.

5.5. Determination to Reconstruct or Repair. If any part of the Project is damaged by casualty, whether it is reconstructed or repaired will be determined in the following manner:

a. Common Element. If the damaged improvement is a Common Element, it will be reconstructed or repaired unless within 30 days after the casualty 75 percent of the Unit Owners determine otherwise.

b. Units.

(1) Lesser Damage: If the damaged improvements constitute less than 80 percent of the Units, they will be reconstructed or repaired unless, within 30 days after the casualty, 75 percent of the Unit Owners determine otherwise.

(2) Major Damage: If the damaged improvements constitute 80 percent or more of the Units, they will not be reconstructed or repaired and the condominium plan of ownership of the damaged Units will terminate without agreement upon payment of insurance proceeds as elsewhere provided, unless within 30 days after the casualty 75 percent of the Unit Owners determine that such reconstruction or repair will occur.

(3) In case of termination of all or part of the condominium plan of ownership, the provisions of the Act will apply.

c. Certificate. An insurance trustee may rely upon a certificate by the officers of the Association to determine whether the damaged property is to be reconstructed or repaired.

5.6. Reconstruction or Repair.

a. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original Buildings, or, if not, according to plans and specifications approved by the Board of Directors and by not less than 75 percent of the Unit Owners of all damaged Units, which approval will not be unreasonably withheld.

b. Responsibility. If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is that of the Unit Owner, the Unit Owner will be responsible for reconstruction and repair after casualty. In all other instances, the Association is responsible for reconstruction and repair after casualty.

c. Estimates of Costs. Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association will obtain reliable and detailed estimates of the cost to rebuild or repair.

d. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair or upon completion of reconstruction and repair are insufficient, assessments will be made against the Unit Owners in the case of damage to Common Elements, in sufficient amounts to provide funds for the payment of such costs. Such assessments against Unit Owners for damage to Units will be in proportion to the cost of reconstruction and repair of their respective Units.

5.7. Condemnation; General. If all or part of the Project is taken or threatened to be taken by condemnation, the Board and each Unit Owner will be entitled to participate in proceedings incident thereto at their respective expense. The expense of participation in such proceedings by the Board is a Common Expense. The Board may obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons as the Board deems necessary or advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such taking will be deposited with the Board, acting as trustee, and such damages or awards shall be applied or paid as provided herein.

5.8. Condemnation of Common Elements. If any action is brought to condemn a portion of the Common Elements, the Board has

the sole authority to determine whether to defend or resist such action, to make any settlement with respect thereto, or to convey such property to the condemning authority in lieu of condemnation. After the damages or awards for such taking are determined, such damages or awards will be paid to each Unit Owner in proportion to his or her ownership interest. The Board may call a meeting of the Association, at which meeting the members by a majority vote may decide whether to replace or restore insofar as possible the Common Elements so taken or damaged.

5.9. Payment of Awards and Damages. Any damages or awards paid to or for the account of any Unit Owner by the Board, acting as trustee, will be applied first to the payment of any taxes or assessments by governmental authorities past due and unpaid with respect to that Unit; second, to amounts due under any Mortgages; third, to the payment of any unpaid Common Expenses or special assessments charged to or made against the Unit; and finally to the Unit Owner.

6. MORTGAGEE PROTECTIONS

6.1. Right to Mortgage. Each Unit Owner has the right, subject to these provisions, to grant separate Mortgages for his or her Unit together with the respective ownership interest in the Common Elements. No Unit Owner has the right or authority to make or create or cause to be made or created from the date hereof any Mortgage or other lien on or affecting the Project or any part thereof, except only to the extent of his or her own Unit and the respective ownership interest in the Common Elements appurtenant thereto.

6.2. Written Approval. The prior written approval of all Mortgagees will be required for the following:

a. The abandonment or termination of the condominium status of the Project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain.

b. Any amendment to this Declaration or to the By-Laws of the Association which would change the ownership interests of the Unit Owners in the project, except for the right of the Developer to amend the Declaration as set forth in paragraph 2.3.

6.3. Lien Subordination. The lien for Common Expenses payable by a Unit Owner is subordinate to the lien of a prior recorded first Mortgage on the interest of such Unit Owner. This paragraph may not be amended, changed, modified or rescinded without the prior written consent of all Mortgagees of record holding a lien against all or part of the Project.

6.4. Mortgagee's Rights. Upon request, any Mortgagee will be entitled to: (a) inspect the books and records of the Association during normal business hours; (b) receive an annual financial statement of the Association within 90 days following the end of any fiscal year of the Association; and (c) receive written notice of all meetings of the Association and designate a representative to attend all such meetings.

6.5. Insurance Proceeds Upon Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Mortgagee of a Unit will be entitled to timely written notice of such damage or destruction, and no provision of this Declaration or any other document establishing the Project will entitle the Unit Owner or other party to priority over such Mortgagee with respect to the distribution of any insurance proceeds.

6.6. Condemnation. If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Mortgagee of a Unit will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision of this Declaration or any other document establishing the Project will entitle the Unit Owner or other party to priority over such Mortgagee with respect to the distribution of the proceeds of any award or settlement.

6.7. Rights of First Refusal. The right of a Unit Owner to sell, transfer, or otherwise convey the Owner's Unit will not be subject to any right of first refusal or any similar restriction in favor of the Association.

6.8. Rights of Mortgagees Under Foreclosure. Each Mortgagee who takes possession of a Unit by virtue of foreclosure of the Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the time such holder takes possession of the Unit, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

6.9. Notice to Mortgagee. The holder of a first Mortgage is entitled to prompt written notice from the Association of any default in the performance of any obligation under this Declaration, the Articles of Incorporation, the By-Laws, or the rules and regulations of the Association, which default is not cured by the Unit Owner within 30 days.

7. USE AND OCCUPANCY RESTRICTIONS

7.1. Use of Units. Subject to the provisions of this Declaration and the By-Laws, no part of the Project may be used for purposes other than as a single-family dwelling and the related common purposes for which the Project was designed. Each Unit or any two or more adjoining Units used together must be used as a single-family dwelling or such other use permitted by this Declaration and for no other purpose, except that a professional and quasi-professional person may use his or her Unit as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not be construed to prohibit a Unit Owner from: (a) maintaining a personal professional library; (b) keeping personal business or professional records or accounts; or (c) handling personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incidental to the principal residential use and not in violation of these restrictions.

7.2. Use of Common Elements. The Common Elements may be used only by the Unit Owners and their agents, servants, tenants, family members, customers, invitees, and licensees for access, ingress to, and egress from the respective Units and for other purposes incidental to use of the Units; provided, however, areas designed for a specific use may be used for the purposes approved by the Board. The use, maintenance, and operations of the Common Elements may not be obstructed, damaged, or unreasonably interfered with by any Unit Owner and will be subject to any lease, concession, or easement presently in existence or entered into by the Board at some future time, affecting any part or all of the Common Elements.

7.3. Specific Restrictions. Without limiting the generality of paragraphs 7.1 and 7.2, use of the Project by the Unit Owners is subject to the following restrictions:

a. Storage. Nothing may be stored in the Common Elements without prior consent of the Board except in storage areas or as otherwise expressly provided in this Declaration.

b. Insurance. Nothing may be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the Board. No Unit Owner will permit anything to be done or kept in his or her Unit or in or on the Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common Elements or which will be in violation of any law.

c. Waste. No waste may be committed in or on the Common Elements.

d. Signs. Subject to the Developer's rights under paragraph 3.5 of this Declaration, no sign of any kind may be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board or the written consent of the Managing Agent acting at the Board's direction.

e. Nuisance. No noxious or offensive activity may be carried on in any Unit or on or in the Common Elements, and nothing may be done therein which may be or become an annoyance or nuisance to the other Unit Owners.

f. Common Elements. Except as otherwise expressly provided, nothing may be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board.

g. Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuildings will be permitted on the Project at any time, temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the construction, repair, or rebuilding of the Buildings or any portion thereof.

h. Clothes Drying. Outdoor drying of clothes is not permitted.

i. Parking. Parking of vehicles in driveways and parking areas is subject to the rules and regulations of the Board. Each Unit Owner has the right to use a parking space for at least one automobile.

j. Planting; Fences. Except within individual Units, no planting, transplanting, or gardening may be done, and no fences, hedges, or walls may be erected or maintained upon the Project, except as approved by the Board.

k. Vehicles. Motorcycles, motorbikes, motor scooters, or other similar vehicles will not be operated within the Project except for the purpose of transportation directly from a parking space to a point outside the Project or from a point outside the Project directly to a parking space.

l. Leases. A Unit Owner may lease his or her Unit, subject to the following conditions: (1) the entire Unit must be leased; (2) the lease must be in writing; (3) the lease agreement must provide that its terms are subject to the provisions of this Declaration and the By-Laws and that failure by the tenant to comply with such provisions will constitute a default under the lease; (4) the lease must also contain an acknowledgment signed by the tenant that the tenant has received true copies of the Declaration and the By-Laws; (5) no Units may be leased for transient or hotel purposes, except by a lender in possession of a Unit following default in a first Mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure; and (6) such reasonable rules and regulations as the Board may establish from time to time.

m. Animals. No animals may be raised, bred, or kept in any Unit for any commercial purposes. Domestic household pets must be kept in strict accordance with rules and regulations adopted by the Board from time to time.

7.4. Transfer of Limited Common Elements. The use of Limited Common Elements may be transferred between Unit Owners having rights thereto at their expense, provided that such transfer is made in compliance with the Act and this paragraph. Rights and obligations with respect to any of the Limited Common Elements will not be affected, and no transfer thereof will be effective, unless such transfer is in compliance with this paragraph. Each such transfer must be made by an amendment to this Declaration executed by all Unit Owners who are parties to the transfer and their Mortgagees and consented to by all other Unit Owners who have any right to use the Limited Common Elements affected thereby. Such amendment must contain a certificate showing that a copy of the amendment has been delivered to and approved in writing by the Board and a statement from the Unit Owners involved in the transfer setting forth any reapportionment of their respective shares of ownership in the Common Elements resulting from the transfer, the aggregate sum of which shares may not be changed by the transfer. If such Unit Owners cannot agree upon the reapportionment, the Board will make such reapportionment. No such transfer will be effective until the amendment is recorded. This paragraph will not be amended, changed, or modified without the prior written consent of all Mortgagees.

8. REMEDIES

8.1. Rights of Association. In the event of any violation of the provisions of the Act, this Declaration, the By-Laws, or rules and regulations of the Association by any Unit Owner (either

by his or her own conduct or by the conduct of any other Occupant of the Unit) the Association, or its successors or assigns, or the Board, or its agent, has each and all of the rights and remedies which may be provided for in the Act, this Declaration, the By-Laws, or the rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest of such Unit Owner; for damages, injunction, or specific performance; for judgment for payment of money and collection thereof; for any combination of remedies; or for any other relief.

8.2. Lien. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the maximum lawful rate per annum until paid, will be charged to and assessed against such defaulting Unit Owner and added to and deemed part of his or her respective share of the Common Expenses. The Board will have a lien for all such expenses, as well as for nonpayment of the respective share of the Common Expenses, upon the Unit and ownership interest in the Common Elements of such defaulting Unit Owner, upon all his or her additions and improvements thereto, and upon all his or her personal property in his or her Unit or located elsewhere on the Project; provided, however, that such lien will be subordinate to the lien of a prior recorded first Mortgage on the interest of such Unit Owner, except for the amount of the proportionate share of the Common Expenses which become due and payable from and after the date on which the Mortgagee takes possession of the Unit, accepts a conveyance of any interest therein (other than as security), or files suit or commences other proceedings to foreclose its Mortgage and causes a receiver to be appointed. This paragraph will not be amended, changed, modified, or rescinded without the prior consent of all Mortgagees.

8.3. Correction of Default. In the event of any such default by any Unit Owner, the Board and the manager or Managing Agent, if so authorized by the Board, has the authority to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith will be charged to and assessed against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board.

8.4. Action by Board. The violation of any restriction, condition, rule or regulation adopted by the Board or the breach of any covenant or provision of this Declaration will give the Board the right, in addition to any other rights provided in this Declaration: (a) to enter upon the Unit or any portion of the Project upon which or as to which such violation or breach exists

and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that may exist thereon contrary to the intent and meaning of the provisions hereof and the Board, its employees or agents, will not be deemed guilty in any manner of trespass; (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; (c) to take possession of such Unit Owner's interest in the property and to maintain an action for possession of such Unit in the manner provided by law; or (d) upon such notice as may be specified in the By-Laws, to suspend a member's voting rights and to restrict a member's use of the Common Elements and Limited Common Elements in such manner as the Board deems appropriate.

8.5. Notice; Action at Law or in Equity. If any Unit Owner (either by his or her own conduct or by the conduct of any Occupant of his or her Unit) violates any provision of the Act, this Declaration, or the rules and regulations of the Association, and if such default or violation continues for ten days after written notice to the Unit Owner from the Board or occurs repeatedly during any ten-day period after such written notice or request to cure such violation from the Board, the Board or an aggrieved Unit Owner may file against the defaulting Unit Owner an action at law for damages or an action in equity for a decree of mandatory injunction against the defaulting Unit Owner or Occupant.

9. DEFINITIONS

9.1. Definitions. The terms used in this Declaration have the following meanings, unless the text clearly requires another meaning:

a. "Act" means the Horizontal Property Act of the State of Iowa.

b. "Articles" or "Articles of Incorporation" mean the Articles of Incorporation of the Association attached as Exhibit C, as amended from time to time.

c. "Association" means Aspen Lake Association, an Iowa nonprofit corporation.

d. "Board" means the Board of Directors of the Association.

e. "Building" means the structural improvements located on the Land, forming part of the Project and containing Units.

f. "By-Laws" means the By-Laws of the Association, attached as Exhibit D, as amended from time to time.

g. "Common Expenses" means and includes:

(1) All sums lawfully assessed against the Common Elements by the Managing Agent or Board.

(2) All expenses of administration and management, maintenance, operation, repair, or replacement of and additions to the Common Elements.

(3) Expenses agreed upon as Common Expenses by the Unit Owners.

(4) Expenses declared to be Common Expenses by this Declaration or by the By-Laws.

h. "Council of Co-Owners" means all the Unit Owners, which Council of Co-Owners has been incorporated as the Association.

i. "Declaration" means this instrument by which Phase 1 of the Project is submitted to the provisions of the Act, as amended from time to time.

j. "Developer" means Kitzbuhel Corporation, an Iowa corporation, its successors and assigns, provided such successors or assigns are designated in writing by the Developer as successors or assigns of the rights of the Developer set forth in this Declaration.

k. "Majority of the Unit Owners" means the owners of more than 50 percent of the undivided ownership of the Common Elements. Any specific percentage of Unit Owners means that percentage of Unit Owners who in the aggregate own such specified percentage of the entire undivided ownership of the Common Elements.

l. "Mortgage" means a security interest, mortgage, or lien granted by a Unit Owner in, to, or against a Unit to secure payment of an indebtedness and duly recorded in the Johnson County Recorder's office.

m. "Mortgagee" means a person who holds a Mortgage as security for payment of an indebtedness.

n. "Occupant" means a person or persons in possession of a Unit, regardless of whether the person is a Unit Owner.

o. "Person" means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.

p. "Plat" means the Building Location Plat attached as Exhibit B.

q. "Unit" means a substantially completed enclosed space consisting of one or more rooms occupying all or part of a floor or floors in a Building, which enclosed space is not owned in common with the Unit Owners or other Units. Each Unit is numbered as shown on the Plat, and the boundaries of each Unit are the interior surfaces of its perimeter walls, floors, and ceilings; and a Unit includes the portion of the Building so described, the air space so encompassed, except Common Elements, and the garage, if any. Any Unit may be jointly or commonly owned by more than one person. The term "Unit" has the same meaning as the term "Apartment" as used in the Act.

r. "Unit Owner" means the person or persons who individually or collectively own or are purchasing by recorded contract the aggregate fee simple title to a Unit and the undivided interest in the Common Elements appurtenant thereto but does not include those having an interest in a Unit merely as security for the performance of an obligation. Unless specifically provided otherwise herein, the Developer will be deemed a Unit Owner so long as it is the legal titleholder of any substantially completed Unit. The term "Unit Owner" has the same meaning as the term "Co-Owner" as used in the Act.

9.2. Other Definitions. The following terms have the meanings set out in the paragraphs of this Declaration following the terms:

a. "Common Elements", paragraph 2.1.

b. "Land", paragraph 1.2.

c. "Limited Common Elements", paragraph 2.6.

d. "Project", paragraph 1.1.

10. GENERAL PROVISIONS

10.1. Uncompleted Improvements. If the Developer desires to convey a Unit in any Building containing more than four Units, in either Phase 1 or 2, and if at the time of said conveyance the parking area for that Phase and the private sidewalk leading toward West High School property to the West are not completed as shown on the plat and planned area development (PAD) for Aspen Lake duly recorded in the County Recorder's Office, the Developer, its successors and assigns, agree to deposit in an escrow account

established by the Developer, to be held on behalf of Aspen Lake Association, an amount equal to the cost of completing said improvements plus 10 percent.

Upon completion of the parking area and the private sidewalk leading toward West High School, the Developer will be entitled to release the amount in escrow. A properly executed surety bond or irrevocable letter of credit acceptable by the Aspen Lake Association may be submitted in lieu of escrow funds.

The Developer agrees that public improvements including storm water management detention structures will be a matter of separate agreement between the City of Iowa City, Iowa, and the Developer.

If the Developer does not complete the quasi-public improvements set forth above included in Phases 1 and 2 in accordance with the plat and PAD for Aspen Lake, the escrow funds being held on behalf of the Aspen Lake Association may be used by the Association to complete any and all of such improvements.

Any and all improvements included within the pond improvement easement and the pond easement, if not completed at the time the Developer conveys title to a purchaser, will not require any escrow as contemplated herein.

10.2. Rights and Obligations. Each grantee of the Developer, by the acceptance of the deed of conveyance or contract of purchase from the Developer, accepts the same subject to all restrictions, conditions, covenants, reservations, liens, and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration and the By-Laws. All rights, benefits, and privileges of every character imposed by this Declaration are covenants running with the Land, bind any person having at any time any interest or estate in the Land, and inure to the benefit of such grantee or contract purchaser as if this Declaration were set forth in full in each such deed of conveyance or contract of purchase.

10.3. Inspection; Waiver. Each purchaser of a Unit will have full opportunity and will be under a duty to inspect and examine the Unit to be purchased prior to closing of the transaction and agrees that the Unit is purchased as it actually and physically exists. By recording a deed or purchase contract, each purchaser of a Unit agrees that the square footage, size, and dimensions of each Unit and each area constituting any part of the Common Elements as set out in this Declaration or the Plat are based upon relative percentages and square footages which have been arbitrarily assigned and agreed upon solely for this purpose and do not necessarily reflect or represent the precise percentage of square footages of any specific portion of the Project. The Developer does not warrant, guarantee, or represent that any Unit or any area constituting any part of the Common Elements contains

precisely the area, square footage, or dimensions shown by the Plat. Each purchaser of a Unit expressly waives any claims or demand of any kind or nature against the Developer or any person whomsoever on account of dimensions actually and physically existing and the size, square footage, and dimensions shown on the Plat. In interpreting deeds, Mortgages, deeds of trust, and other instruments for any purpose whatsoever, the existing physical boundaries of any Unit will be conclusively presumed to be the boundaries regardless of settling, rising, or lateral movements of the Building and regardless of variances between boundaries shown on the Plat and the actual boundaries of the Building.

10.4. Amendments.

a. By Developer. The Developer reserves the right to amend this Declaration as follows:

(1) To extend the Declaration or permit its extension to all or part of Part 2 of the Project, such amendment to be limited to matters relating to such extension and merger of Parts 1 and 2. The right to amend for this purpose will expire on July 1, 1988.

(2) To adjust the fractional ownership of the Common Elements as provided in paragraph 2.3.

b. In General. Subject to subparagraph (a) above and except as otherwise provided in subparagraphs (c) and (d) below, the provisions of this Declaration may be amended, modified, or rescinded by a resolution setting forth such amendment, modification, or rescission and duly adopted by the affirmative vote of not less than two-thirds of the Unit Owners or by an instrument in writing setting forth such amendment, modification, or rescission and signed by not less than two-thirds of the Unit Owners and duly acknowledged before a notary public. All Mortgagees will be notified by certified mail of any such amendment, modification, or rescission, and an affidavit by the secretary of the Association certifying to such mailing will be made a part of any instrument effecting such amendment, modification, or rescission.

c. Limitation. Subject to the provisions of paragraph 2.3 and subparagraph (a) above, the provisions of this Declaration may not be materially amended, including but not limited to an amendment which would change the boundaries of any Unit, the undivided interest in the Common Elements appurtenant to any Unit, the number of votes in the Association allocated to any Unit, except by the affirmative vote

of 75 percent of the Unit Owners and the prior written approval of the holders of all first Mortgages on Units.

d. Signatures. If the Act, this Declaration, or the By-Laws require the consent or agreement of all Unit Owners or of all Mortgagees, or both, for any action specified in the Act or in this Declaration, any instrument amending, modifying, or rescinding any provision of this Declaration with respect to such action must be signed by all Unit Owners or all Mortgagees, or both, as the case may be, as required by the Act, this Declaration, or the By-Laws.

e. Recording. Any amendment, modification, or rescission of this Declaration pursuant to this paragraph or any other provision of this Declaration or of the Act will be valid and effective only upon the recording thereof, together with an amended Plat if required, in the Johnson County Recorder's Office. This Declaration may not be amended, modified, or rescinded so as to conflict with the provisions of the Act.

10.5. Notice. Unless otherwise expressly provided, any notice, demand, request, consent, approval, or communication that any person desires or is required to give to another person must be in writing and either served personally or sent by prepaid, certified mail addressed to the other person at his or her last known address. Notice is given two days after it is deposited in the U.S. mail properly addressed with postage prepaid.

10.6. Severability. The unenforceability, invalidity, or illegality of any provision does not affect or impair any other provision or render it unenforceable, invalid, or illegal.

10.7. Interpretation. Wherever used in this Declaration, unless the context clearly indicates otherwise, the use of the singular includes the plural, and vice versa; and the use of any gender is applicable to any other gender. The captions and the table of contents, if any, are for convenience only and have no effect on the interpretation of this Declaration.

10.8. Non-Waiver. Failure of any party to enforce at any time or for any period of time any provision of this Declaration or to exercise any right or remedy does not constitute a waiver of such provision, right, or remedy, or prevent such party thereafter from enforcing any or all provisions and exercising any or all rights and remedies. The exercise of any right or remedy does not constitute an election or prevent the exercise of any or all rights or remedies.

10.9. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants, or rights created by this Declaration are unlawful, void, or voidable for violation of the rule against perpetuities, such provision will continue only until 21 years after the death of the survivor of the now living descendants of the Governor of Iowa, Robert D. Ray.

10.10. Governing Law. This Declaration is governed by and construed in accordance with the laws of the State of Iowa.

10.11. Exhibits. All exhibits to which reference is made are attached to this Declaration and incorporated by reference.

Executed on the date stated in the introductory paragraph.

KITZBUHEL CORPORATION

By_____
Scott V. Reineking
President

ATTEST:

_____
Scott V. Reineking
Secretary

STATE OF ILLINOIS, _____ COUNTY, ss.

On _____, 1982, before the undersigned Notary Public in and for the State of Illinois, personally appeared Scott V. Reineking, to me personally known; being duly sworn, he stated that he is the President and Secretary of the corporation executing the foregoing instrument, that no seal has been procured by the corporation, and that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and, as such officers, he acknowledged the execution of said instrument to be the voluntary act and deed of the corporation, voluntarily executed by it and by them.

NOTARIAL SEAL

_____
Notary Public in and for the
State of Illinois

Residing in Monroe County, Indiana.
My commission expires: November 16, 1985

The undersigned consent to and join in the foregoing Declaration.

COMMUNITY NATIONAL BANK

By D. Scott Ingstad
D. Scott Ingstad, President

FIRST NATIONAL BANK OF MUSCATINE

By George A. Shepley
George A. Shepley, President

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EXHIBIT A
TO
CONDOMINIUM DECLARATION

	Building/Section	Unit Numbers	Bedrooms Per Unit
Part 1	W1	1 - 6	1 Bedroom
	W2	1 - 6	1 Bedroom
	W3	1 - 6	1 Bedroom
	W4	1 - 6	1 Bedroom
Part 2	E1	1 - 6	1 Bedroom
	E2	1 - 6	1 Bedroom
	E3	1 - 6	1 Bedroom
	E4	1 - 6	1 Bedroom
	E5	1 - 6	1 Bedroom
	E6	1 - 6	1 Bedroom

Total Units: 60

EXHIBIT B
TO
CONDOMINIUM DECLARATION

Building Location Plat

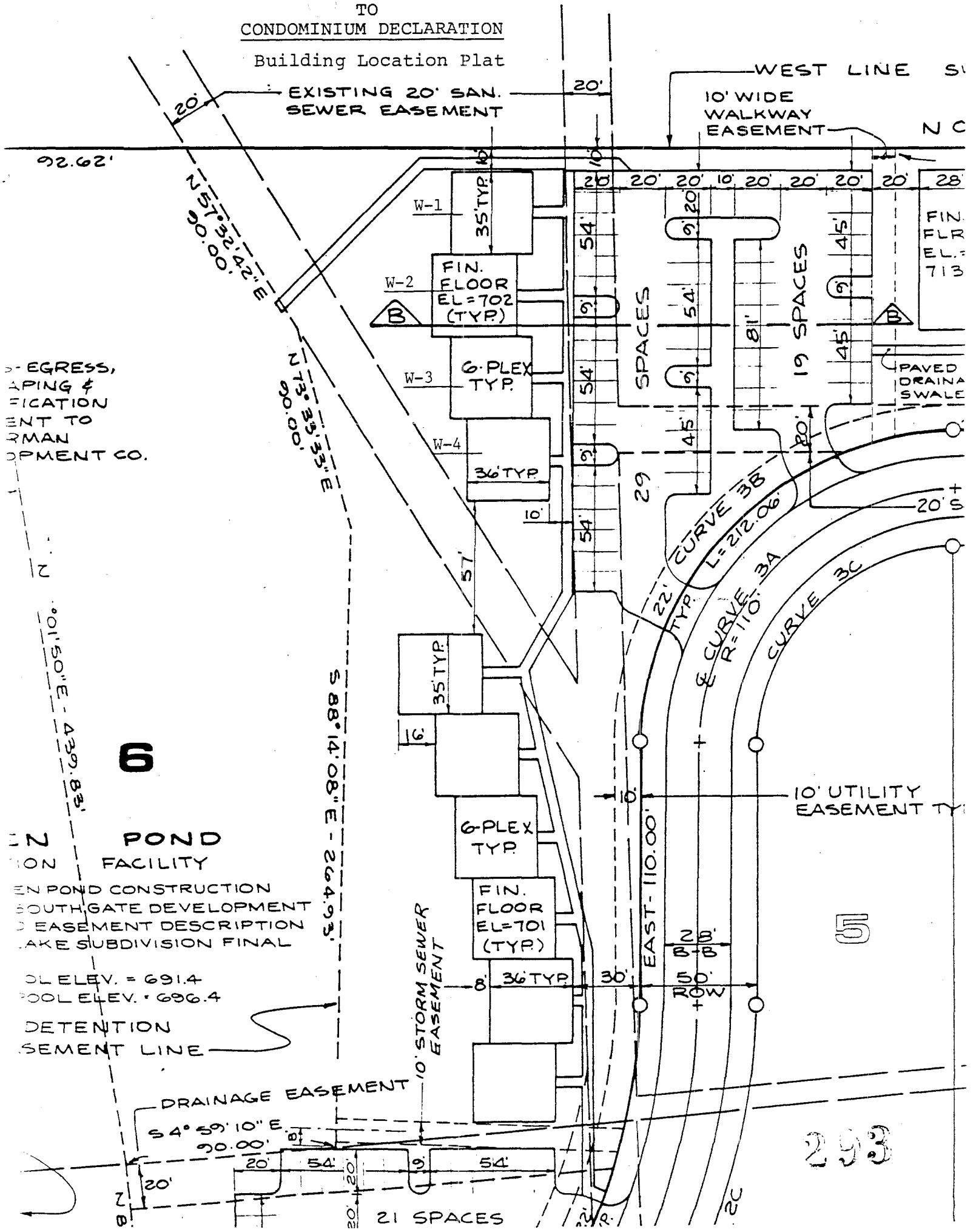

EXHIBIT C
TO
CONDOMINIUM DECLARATION

ARTICLES OF INCORPORATION

OF

ASPEN LAKE ASSOCIATION

The undersigned, acting as incorporator of a corporation under the Iowa Nonprofit Corporation Act, Iowa Code Chapter 504A (1981), adopts the following Articles of Incorporation for such Corporation:

ARTICLE 1.

Section 1.01. Name. The name of the Corporation is Aspen Lake Association. The Corporation is referred to in these Articles of Incorporation as the "Association".

ARTICLE 2.

Section 2.01. Duration. The Association has perpetual duration.

ARTICLE 3.

Section 3.01. Purposes. The purpose for which the Association is organized is to manage, administer, enforce, and implement the maintenance and operation of Aspen Lake, a residential project located in Iowa City, Johnson County, Iowa; and to perform all functions and do any and all things permitted or required by the Declaration of Covenants relating to such project.

ARTICLE 4.

Section 4.01. Powers. The Association has unlimited power to engage in and to do any lawful act concerning any or all lawful purposes for which corporations may be organized under the Iowa Nonprofit Corporation Act.

ARTICLE 5.

Section 5.01. Registered Office and Agent. The address of the initial registered office of the Association is First National Bank Building, 300 East Second Street, Muscatine, Muscatine County, Iowa, and the name of its initial registered agent at such address is Charles R. Coulter.

ARTICLE 6.

Section 6.01. Initial Board of Directors. One Director constitutes the initial Board of Directors. Scott V. Reineking R. R. 3, Box 578D, or 1519 Park Avenue, Muscatine, Iowa 52761,

will serve as Director until the first annual meeting or until his successor is elected or appointed and qualifies.

Section 6.02. Number of Directors. The number of Directors will be fixed by the By-laws, except the initial Board of Directors. The By-laws may fix the number of Directors either by stating the number or by providing that the number of Directors will be the number determined by the members from time to time as provided in the By-laws.

Section 6.03. Removal of Directors. At any meeting of Directors, if the notice of the meeting includes a statement to the effect that the purpose or one of the purposes for which the meeting is called is to remove one or more named Directors, the Directors may remove any or all such named Directors, with or without cause, by the affirmative vote of two-thirds of the full number of Directors. In addition, the By-laws may provide that the failure of a Director to attend a specified number of meetings of the Board of Directors, or other acts or omissions specified in the By-laws, will constitute resignation from the Board of Directors. The By-laws may provide for exceptions, procedures, and additional provisions regarding the foregoing matters. Any vacancy or vacancies in the Board of Directors caused by any such removal may be filled as provided in the By-laws.

ARTICLE 7.

Section 7.01. Incorporator. The incorporator is Kitzbuhel Corporation, 1519 Park Avenue, Muscatine, Iowa 52761.

ARTICLE 8.

Section 8.01. Restrictions. All the purposes and powers stated in these Articles of Incorporation are subject to the following restrictions:

a. The Association will be operated exclusively for the purposes stated in Article 3.

b. The Association will not be conducted for profit, and no part of its net earnings or assets will inure to the benefit of any member, Director, officer, or other private individual.

c. No member, Director, or officer of the Association will receive any dividend, distribution, or compensation from the Association, except reasonable compensation for personal services actually rendered and reasonable reimbursement for authorized expenditures actually incurred.

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Section 8.02. Legislative and Political Activities. No substantial part of the activities of the Association will be carrying on propaganda or otherwise attempting to influence legislation, and the Association will not participate in or intervene in (including the publishing or distribution of statements) any political campaigns on behalf of or in opposition to any candidate for public office.

Section 8.03. Disposition of Assets. The assets of the Association are dedicated to the purposes stated in Section 3.01. In the event of liquidation or dissolution of the Association, its assets will be applied and distributed as provided by law. However, to the maximum extent permitted by law, such assets will be distributed exclusively for purposes substantially similar to those stated in Section 3.01 and within the meaning of Section 5.01(c) of the Internal Revenue Code and applicable regulations. Such purposes will be selected by the Board of Directors or by a court of competent jurisdiction if the Board of Directors fails to make such selection. In the event of liquidation or dissolution, such assets will not be distributed to any corporation or any organization operated for profit.

Section 8.04. Exempt Property. Private property of members, Directors, officers, and employees of the Association will not be liable for debts of the Association. This provision cannot be amended except with the unanimous vote of the members and Board of Directors.

ARTICLE 9.

Section 9.01. Amendments to Articles of Incorporation. These Articles of Incorporation may be amended by the affirmative vote of two-thirds of the members of the Association.

Signed on August 9, 1982.

KITZBUHEL CORPORATION

By /s/ Scott V. Reineking
Scott V. Reineking, President

ATTEST:

/s/ Scott V. Reineking
Scott V. Reineking, Secretary

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STATE OF INDIANA, Monroe COUNTY, ss.

On August 9th, 1982, before the undersigned Notary Public in and for the State of Indiana, personally appeared Scott V. Reineking, to me personally known; being duly sworn, he stated that he is the President and Secretary, of the corporation executing the foregoing instrument, that no seal has been procured by the corporation, and that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and, as such officers, he acknowledged the execution of said instrument to be the voluntary act and deed of the corporation, voluntarily executed by it and by him.

/s/ Kathryn M. Reid
Notary Public in and for the
State of Indiana

Residing in Monroe County, Indiana.
My commission expires: November 16, 1985

STANLEY, LANDE, COULTER & PEARCE
A Professional Corporation
Attorneys and Counselors
First National Bank Building
Muscatine, Iowa

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EXHIBIT D
TO
CONDOMINIUM DECLARATION

BY-LAWS

OF

ASPEN LAKE ASSOCIATION

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BY-LAWS

OF

ASPEN LAKE ASSOCIATION

ARTICLE 1. OFFICES AND PLACES OF BUSINESS

Section 1.01. Registered Office. The registered office of the Association required by the Iowa Nonprofit Corporation Act to be maintained in the State of Iowa may be, but need not be, the same as its principal place of business. The registered office may be changed from time to time by the Board of Directors as provided by law.

Section 1.02. Principal Place of Business. The principal place of business of the Association shall be located at the place, within or without the State of Iowa, fixed by (or pursuant to authority granted by) the Board of Directors from time to time.

Section 1.03. Other Places. The Association may conduct its business, carry on its operations, have offices, carry out any or all of its purposes, and exercise any or all of its powers anywhere in the world, within or without the State of Iowa.

ARTICLE 2. MEMBERS

Section 2.01. Identity. The members of the Association shall consist of the respective Unit Owners of the property known as Aspen Lake in Iowa City, Iowa. The words "member" or "members" as used in these By-laws mean and refer to "Unit Owner" or "Unit Owners", as the case may be, as defined in the Condominium Declaration for Aspen Lake. If a Unit Owner is an entity other than a natural person, it shall, within 30 days after recording of the deed or other document of title, designate in writing its representative. Membership shall be appurtenant to and shall not be separated from the ownership of any Lot.

Section 2.02. Succession. The membership of each Unit Owner shall terminate when he or she ceases to be a Unit Owner, and upon the sale, transfer, or other disposition of an ownership interest in the project, his or her membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such ownership interest. Upon the transfer of ownership of a Unit, however accomplished, the new Unit Owner acquiring or succeeding to such ownership shall provide the Secretary of the Association with a copy of the recorded deed or document of title and a copy of the mortgage, deed of trust, or lien thereon, if any, created in connection with such transfer of title, whereupon such new Unit Owner shall automatically become a member of the Association.

Section 2.03. Annual Meetings.

(a) First Annual Meeting. The first annual meeting of members of the Association shall be held on a date determined by the Board not less than 30 days or more than 120 days after the date on which the Developer has consummated the sale of 80 percent of the Units contained in Parts 1 and 2 of Aspen Lake but, in any event, not later than January 1, 1985. However, the Developer may call the first annual meeting of the members of the Association at any time prior to such date. Subject to the provisions of Section 3.02, the members shall elect Directors at the first annual meeting.

(b) Regular Annual Meetings. Subsequent to the first annual meeting, the regular annual meeting of the Association shall be held each year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. The exact date, time, and place of the regular annual meeting shall be determined by the Board of Directors.

Section 2.04. Special Meetings. Special meetings of the members may be called, and a time and place fixed, by the President, any three Directors, or by ten percent of the members.

Section 2.05. Place of Meetings. Any meeting of the members may be held at any place within or without the State of Iowa. If no other place is fixed for a meeting of the members, the meeting place shall be the principal place of business of the Association in the State of Iowa.

Section 2.06. Notice. Notice of any meetings of members shall be given at least seven days prior thereto in the case of regular meetings and at least five days prior thereto in the case of special meetings by written notice delivered personally or mailed to each member. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the Association with postage prepaid.

Section 2.07. Voting. Each Unit shall be entitled to one vote in any election or on any issue upon which a vote is allowed or required. The Unit Owner shall cast the vote, and multiple Unit Owners shall act jointly in casting the vote. No fractional votes shall be permitted. If multiple Unit Owners are unable to agree as to how their vote shall be cast, they shall lose their right to vote on the matter in question. A Unit Owner's right to vote shall be automatically suspended for failure to pay when due the assessments levied in accordance with these By-laws if the failure continues for ten days after written notice of delinquency.

Section 2.08. Voting Lists. At least three days before each meeting of members, a complete list of members entitled to vote at the meeting shall be prepared by the Secretary of the Association, listing the members in alphabetical order with the address of each member shown. The list shall be kept on file at the office of the Association and shall be subject to inspection by any member at any time during usual business hours. The list shall also be available at the time and place of the meeting and shall be subject to the inspection by any member during the meeting.

Section 2.09. Quorum. The presence at any meeting of members having 25 percent of the total vote shall constitute a quorum.

Section 2.10. Adjourned Meetings. Any meeting of the members may be adjourned from time to time and to any place, with notice to all members, by the affirmative vote of a majority of the members present at a meeting, even if less than a quorum (notwithstanding Sections 2.09 and 2.11). At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting with a quorum present. In the event a quorum is not present at an adjourned meeting, the members present, though less than a quorum, may give notice to all members of an adjourned meeting, and, at such adjourned meeting, ten percent of the members shall constitute a quorum.

Section 2.11. Vote Required for Action. Except as otherwise expressly provided by law, the Declaration, the Articles of Incorporation, or these By-laws, the affirmative vote of a majority of the members present at a meeting at which a quorum is present shall be required and shall be sufficient to adopt any motion or resolution or take any action at any meeting of members. However, the following actions may be taken by the affirmative vote of a majority of the members present at a meeting, even if a quorum is not present (notwithstanding Section 2.09): election or appointment of a temporary chairman or temporary secretary for the meeting (if necessary), or adoption of any motion to adjourn or recess the meeting, or any proper amendment to any such motion.

Section 2.12. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of the Unit by the Unit Owner.

Section 2.13. Rules and Order of Business. Except as otherwise expressly required by law, the Declaration, the Articles of Incorporation, or these By-laws, meetings of members shall be conducted in accordance with Robert's Rules of Order, Revised (as

further revised from time to time). Unless otherwise determined by the Board of Directors, the order of business at meetings of members, to the extent applicable, shall be as follows:

(a) Roll call or other determination of attendance and a quorum.

(b) Proof of notice of meeting.

(c) Action on minutes of preceding meeting and any other unapproved minutes.

(d) Election of Directors.

(e) Unfinished business.

(f) New business.

(g) Adjournment.

Failure to comply with this Section shall not affect the validity of any action taken at any meeting unless specific and timely objection is made at the meeting and the person complaining sustains direct and material damage because of such failure.

ARTICLE 3. BOARD OF DIRECTORS

Section 3.01. General Powers. The business and affairs of the Association shall be managed by its Board of Directors. The Board of Directors may exercise all powers of the Association and may do all lawful acts and things not prohibited by the Declaration, the Articles of Incorporation, or these By-laws. The Board shall have the powers and duties to:

(a) Manage the business and affairs of the Association and the Project.

(b) Elect and remove the officers of the Association as provided by these By-laws.

(c) Engage the services of an agent (the "Managing Agent") to maintain, repair, administer, and operate the Project or any part thereof for all the members, upon such terms, for such compensation, and with such authority as the Board may determine.

(d) Purchase and maintain as a Common Expense adequate insurance pursuant to the Declaration.

(e) Formulate policies for the administration, management, and operation of the Project and the Common Elements.

(f) Adopt reasonable rules and regulations, with written notice thereof to all members, governing the administration, management, operation, and use of the Project and the Common Elements, and amend such rules and regulations from time to time.

(g) Provide for the maintenance, repair, and replacement of the Common Elements and payments therefor and approve payment vouchers or delegate such approval to the officers or the Managing Agent.

(h) Provide for the designation, hiring, and removal of employees and other personnel, including accountants and attorneys; engage or contract for the services of others; make purchases for the maintenance, repair, replacement, administration, management, and operation of the Project and the Common Elements; and delegate any such powers to the Managing Agent.

(i) Appoint committees of the Board and delegate to such committees the Board's authority to carry out certain duties of the Board.

(j) Determine the fiscal year of the Association and change the fiscal year from time to time as the Board deems advisable.

(k) Estimate the amount of the annual budget and provide the manner of assessing and collecting from the members their respective shares of such estimated expenses, as provided in these By-laws.

(l) Borrow money on behalf of the Association in such amounts as may reasonably be required from time to time.

(m) Enter into any lease or purchase agreement for the lease or purchase of premises suitable for use by a custodian, upon such terms as the Board may determine.

(n) Unless otherwise provided herein or in the Declaration, comply with the instructions of a majority of the members, as defined in the Declaration, as expressed in a resolution duly adopted at any annual or special meeting of members.

(o) Exercise all other powers and duties of the Council of Co-owners referred to in the Act and all powers and duties of a Board of Directors referred to in the Declaration, these By-laws, and the Iowa Nonprofit Corporation Act.

Section 3.02. First Board. The Developer shall appoint one or more Directors who shall constitute the First Board, and the First Board shall manage the business and affairs of the Associa-

tion until the first annual meeting of members. The Developer may appoint additional Directors to the First Board from time to time and may remove Directors from the First Board at any time by written notice. The Developer shall select 40 percent of the Directors elected at the first annual meeting of members. The provisions of this Section shall control over any conflicting provisions of these By-laws.

Section 3.03. Number and Election. The number of Directors shall be the number determined by the Directors at each annual meeting of the Association, but not less than five or more than fifteen. If such determination is not expressly made by resolution or motion at any annual meeting of the Association, the election of Directors at such meeting shall constitute a determination that the number of Directors shall be equal to the number of Directors elected at such meeting. If any annual meeting of the Association fails to make such determination and does not elect Directors, the number of Directors shall be the same as the number of Directors determined at the most recent meeting of the Association at which the number of Directors was determined as provided in this Section.

At any special meeting of the Association the Directors may increase or decrease the number of Directors, but no such decrease shall shorten the term of any incumbent Director.

The Directors may leave one or more Directorships vacant. Any such vacancy may be filled as provided in Section 3.04.

Wherever used in these By-laws, the words "the number of Directors fixed by Section 3.03" mean the number of Directors determined from time to time in accordance with this Section, including any vacant Directorship.

Section 3.04. Terms of Directors.

(a) Each Director elected at the annual meeting of the Association shall serve for a term of three years and until the term of his or her successor begins, unless he or she is sooner removed or ceases to be a Director as provided in these By-laws. At the first annual meeting of the Association, one-third of the elected Directors shall be elected for a term of one year, one-third shall be elected for a term of two years, and one-third shall be elected for a term of three years; thereafter, one-third of the elected Directors shall be elected each year for terms of three years. No persons so elected shall serve more than two consecutive three-year terms.

(b) The term of a Director elected to fill a vacancy shall be as provided in Section 3.05.

(c) Any Director may resign at any time by filing his or her written resignation with the President or Secretary. Resignation shall take effect immediately upon such filing, unless a later effective date is stated therein.

Section 3.05. Vacancies. Any vacancy occurring in the Board of Directors for any reason and any Directorship to be filled by reason of an increase in the number of Directors may be filled by the affirmative vote by a majority of the Directors then in office, even if less than a quorum. The Board of Directors shall have sole authority to determine whether a vacancy exists. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 3.06. Annual and Regular Meetings. The annual meeting of the Board of Directors shall be held within ten days following the annual meeting of members each year for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The exact date, time, and place of the annual meeting shall be determined by the Board of Directors or the President.

Regular meetings of the Board of Directors may be held at the times (but at least every calendar quarter) and places fixed by (or pursuant to authority granted by) resolution or motion adopted by the Board of Directors from time to time, without notice other than such resolution or motion. However, unless both the time and place of such a regular meeting are fixed by the Board of Directors, notice of the meeting shall be given as provided in Section 3.10.

Section 3.07. Special Meetings. Special meetings of the Board of Directors may be called, and a time and place fixed, by the President, the Secretary, or any three Directors.

Section 3.08. Place of Board Meetings. Any meeting of the Board of Directors may be held at any place, within or without the State of Iowa. The place of each meeting of the Board of Directors shall be fixed as provided in these By-laws, or by a waiver or waivers of notice fixing the place of the meeting and signed by all Directors then in office. If no other place is fixed for a meeting of the Board of Directors, the meeting place shall be the principal place of business of the Association in the State of Iowa.

Section 3.09. Notice. Notice of any meeting of the Board of Directors shall be given at least 72 hours prior thereto in the case of regular meetings and at least 48 hours prior thereto in the case of special meetings by written notice delivered personally or mailed to each Director or by oral communication. If

mailed the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his or her address as it appears on the records of the Association with postage prepaid.

Section 3.10. Quorum. Except as otherwise expressly provided by the Articles of Incorporation or these By-laws, a majority of the number of Directors fixed by Section 3.03 shall constitute a quorum at any meeting of the Board of Directors.

Section 3.11. Adjourned Board Meetings. Any meeting of the Board of Directors may be adjourned from time to time and to any place, without further notice, by the affirmative vote of a majority of the Directors present at the meeting, even if less than a quorum (notwithstanding Section 3.11 and 3.13). At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting with a quorum present.

Section 3.12. Vote Required for Board Action. Except as otherwise expressly provided in these By-laws, the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present shall be required and shall be sufficient to adopt any motion or resolution or take any action at any meeting of the Board of Directors.

However, the following actions may be taken by the affirmative vote of a majority of the Directors present at the meeting, even if a quorum is not present (notwithstanding Section 3.11): election or appointment of a temporary chairman or temporary secretary for the meeting (if necessary), or adoption of any motion to adjourn or recess the meeting or any proper amendment to any such motion.

Whenever the minutes of any meeting of the Board of Directors state that any motion or resolution was adopted or that any action was taken at the meeting, the minutes shall be prima facie evidence that the motion or resolution was duly adopted or that the action was duly taken by the required vote. The minutes need not state the number of Directors voting for and against the motion, resolution, or action.

Section 3.13. Directors' Voting Rights. Each Director (including, without limitation, any Director who is also an officer of the Association and any Director presiding at a meeting) may vote on any question at any meeting of the Board of Directors, except as otherwise expressly provided in these By-laws.

Section 3.14. Organization. The President, or a Vice-President, as provided in these By-laws, shall preside at each

meeting of the Board of Directors. If the President and each Vice-President are absent or decline to preside, the Board of Directors may elect or appoint a temporary chairman to preside at the meeting. The Secretary or an Assistant Secretary, as provided in these By-laws, shall act as secretary of each meeting of the Board of Directors. If the Secretary and each Assistant Secretary are absent or decline to act, the Board of Directors may elect or appoint a temporary secretary for the meeting.

Section 3.15. Rules and Order of Business. The Board of Directors may adopt any rules, not inconsistent with applicable law or the Articles of Incorporation or these By-laws, which the Board of Directors deems advisable for the conduct of its meetings. Except as otherwise expressly required by law, the Declaration, the Articles of Incorporation, these By-laws, or such rules, meetings of the Board of Directors shall be conducted in accordance with Robert's Rules of Order, Revised (as further revised from time to time). Unless otherwise determined by the Board of Directors, the order of business at its first meeting held after each annual meeting of members, and at other meetings of the Board of Directors to the extent applicable, shall be:

(a) Roll call or other determination of attendance and quorum.

(b) Proof of notice of meeting.

(c) Action upon minutes of preceding meeting and any other unapproved minutes.

(d) Reports of officers and committees.

(e) Election of officers.

(f) Unfinished business.

(g) New business.

(h) Adjournment.

Failure to comply with this Section shall not affect the validity of any action taken at any meeting unless (a) specific and timely objection is made at the meeting and (b) the person complaining sustains direct and material damage because of such failure.

Section 3.16. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors (or a committee of Directors) at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless his or her dissent or abstention is entered in the

minutes of the meeting or unless the Director files a written dissent or abstention with the person acting as secretary of the meeting before its adjournment or forwards the dissent or abstention by registered or certified mail to the Secretary of the Association immediately after adjournment of the meeting. The right to dissent or abstain from voting shall not apply to a Director who voted in favor of the action.

Section 3.17. Waiver of Notice by Directors. Whenever any notice is required to be given to any Director under any provision of law, the Declaration, the Articles of Incorporation, or these By-laws, a waiver thereof in writing signed by the Director or Directors entitled to the notice, whether signed before or after the time of the meeting or event of which notice is required, shall be equivalent to the giving of the notice. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in any waiver of notice of the meeting.

The attendance of any Director at any meeting of the Board of Directors shall constitute a waiver by the Director of any notice of the meeting to which he or she would otherwise be entitled, and shall constitute consent by the Director to the time and place of the meeting and the transaction of all business which may come before the meeting. However, a Director's attendance shall not constitute a waiver if the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and if he or she expressly states such objection promptly after the meeting begins.

Section 3.18. Informal Action by Directors. Any action required by law, the Declaration, the Articles of Incorporation, or these By-laws to be taken by vote of or at a meeting of the Board of Directors (or a committee of Directors), or any action which may or could be taken at a meeting of the Board of Directors (or a committee of Directors), may be taken without a meeting if a consent in writing setting forth the action taken is signed by all Directors then in office (or all members of the committee, as the case may be). Such consent shall have the same force and effect as a unanimous vote, and any officer may state or certify that the action was taken by a unanimous vote. The signing by each Director (or each member of the committee) of any one of several duplicate originals or copies of the written consent shall be sufficient. The written consent shall be filed with the Secretary as part of the minutes of the Association. The action shall be deemed to be taken on the date of the written consent as stated therein or on the date of filing with the Secretary, whichever of these two dates occurs first.

Section 3.19. Removal of Directors. In addition to the provisions of Section 6.03 of the Articles of Incorporation, any elected Director or Directors may be removed for any cause after notice and hearing or reasonable opportunity for hearing, by the affirmative vote of 60 percent of the full number of members at any regular or special meeting of the members.

Section 3.20. Compensation. A Director may be paid for his or her actual reasonable expenses in the performance of his or her duties. However, no Director shall receive compensation for attending meetings of the Board of Directors, unless expressly provided for in resolutions duly adopted by a majority of the members. However, nothing shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE 4. OFFICERS

Section 4.01. Required and Optional Officers. The officers of the Association shall be a President, one or more Vice-Presidents (the number to be determined by the Board of Directors from time to time), a Secretary, and a Treasurer. The Board of Directors may also elect or appoint one or more Assistant Secretaries, one or more Assistant Treasurers, and any other officers which the Board of Directors deems advisable.

Section 4.02. Election or Appointment of Officers. At its first meeting following the annual meeting, the Board of Directors shall elect the officers required by Section 4.01 and may elect or appoint any other officers and agents which the Board deems advisable. If in any year the election of officers does not take place at such meeting, the election shall be held as soon thereafter as is convenient. Any election may be conducted by written ballot, but need not be conducted by written ballot unless required by a rule or motion adopted by the Board of Directors.

Failure to hold one or more annual elections of officers shall not end the term of any officer, shall not cause any vacancy, and shall not affect the validity of any act of the Association or of any officer; and the term of each officer shall continue as provided in Section 4.03.

Section 4.03. Terms and Qualifications of Officers. The term of each officer shall begin at the time of his or her election, unless otherwise ordered by the Board of Directors. Unless sooner removed as provided in Section 4.04 or unless the office is abolished, each officer shall serve for a term ending at the time of the next election of officers referred to in the first two sentences of Section 4.02. However, any officer may resign at any time by delivering a written resignation to the President or Sec-

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retary of the Association. The resignation shall take effect immediately upon delivery, unless it states a later effective date.

Except for the President and Vice-President, officers need not be Directors of the Association. Any two or more offices may be held by the same person.

Section 4.04. Removal of Officers. Any officer or agent of the Association may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4.05. Vacancies. Any vacancy occurring in any office for any reason may be filled by the Board of Directors, or the Board of Directors may authorize any officer or committee to fill the vacancy.

An officer elected or appointed to fill a vacancy shall serve for a term as provided in Section 4.03. However, if an officer is elected or appointed to fill a vacancy caused by the resignation of a predecessor whose resignation has not yet become effective, the new officer's term shall begin when the predecessor's resignation becomes effective.

Section 4.06. Duties and Powers of Officers. Except as otherwise expressly provided by law or the Articles of Incorporation, the duties and powers of all officers and agents of the Association may be determined and defined from time to time by the Board of Directors.

Unless otherwise determined by the Board of Directors, the officers referred to in the following Sections shall have the duties and powers stated in the following Sections, in addition to all duties and powers prescribed by law, the Declaration, the Articles of Incorporation, or other provisions of these By-laws. However, the Board of Directors at any time may change, add to, limit, transfer to another officer or agent, or abolish any or all of the duties and powers of any officer or agent of the Association (including, without limitation, the duties and powers stated in the following Sections and in other provisions of these By-laws).

Any person who holds two or more offices at the same time may perform or exercise any or all duties and powers or either or both offices in either or both capacities.

Section 4.07. President. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all the business and affairs of the Association. He shall, when present, preside at all meetings of the Board of Directors. He shall have authority to sign, execute, and acknowledge on behalf of the Corporation, all deeds, mortgages, bonds, contracts, leases, reports, and all other documents or instruments necessary or proper to be executed in the course of the Association's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he may authorize the Vice-President or other officer or agent of the Association to sign, execute, and acknowledge such documents or instruments in his place. In general he shall perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board of Directors.

Section 4.08. Vice-Presidents. Subject to Section 4.06, in the absence of the President or in event of his or her death or inability to act, the Vice-President (if more than one, the Vice-Presidents in the order designated by the Board of Directors or, in the absence of any designation, in the order in which their names appear in the minutes showing their election) shall perform the duties and exercise the powers of the President (including, without limitation, all duties and powers of the President under all provisions of the Articles of Incorporation and these By-laws, or prescribed by the Board of Directors, or arising in any other way). Each Vice-President shall also have any other duties and powers prescribed by the Board of Directors or the President.

Section 4.09. Secretary. Subject to Section 4.06, the Secretary shall:

(a) when present, act as secretary of each meeting of members and of the Board of Directors;

(b) keep minutes of all meetings of members and of the Board of Directors in minute books;

(c) see that all notices are given and that records are made and filed as required by law and the Articles of Incorporation and these By-laws;

(d) be the custodian of the Association's records;

(e) have all the usual duties and powers of the Secretary of a corporation and any other duties and powers prescribed by the Board of Directors or the President.

Section 4.10. Treasurer. Subject to Section 4.06, the Treasurer shall:

(a) have charge of all funds, securities, and evidences of indebtedness belonging to the Association;

(b) receive and give receipts for money payable to the Association;

(c) cause the Association's funds to be deposited in the name of and to the credit of the Association in depositories designated by or pursuant to authority granted by the Board of Directors;

(d) cause the Association's funds to be disbursed when and as authorized;

(e) see that correct and complete books and records of account are kept, in accordance with generally accepted accounting principles uniformly and consistently applied;

(f) see that correct financial statements are prepared and presented to the Board of Directors from time to time, in accordance with generally accepted accounting principles uniformly and consistently applied; and

(g) have all the usual duties and powers of the Treasurer of a corporation and any other duties and powers prescribed by the Board of Directors or the President.

Section 4.11. Assistant Secretaries. Subject to Section 4.06, in the absence of the Secretary or in event of his death or inability or refusal to act, the Assistant Secretary (if more than one, the Assistant Secretaries in the order designated by the Board of Directors or, in the absence of any designation, in the order in which their names appear in the minutes showing their election or appointment) shall perform the duties and exercise the powers of the Secretary. Each Assistant Secretary shall also have any other duties and powers prescribed by the Board of Directors, the President, or the Secretary.

Section 4.12. Assistant Treasurers. Subject to Section 4.06, in the absence of the Treasurer or in event of his death or inability or refusal to act, the Assistant Treasurer (if more than one, the Assistant Treasurers in the order designated by the Board of Directors or, in the absence of any designation, in the order in which their names appear in the minutes showing their election or appointment) shall perform the duties and exercise the powers of the Treasurer. Each Assistant Treasurer shall also have any

other duties and powers prescribed by the Board of Directors, the President, or the Treasurer.

Section 4.13. Compensation. An officer may be paid for his or her actual reasonable expenses in the performance of his or her duties. However, no officer shall receive compensation for attending meetings of the Board of Directors, unless expressly provided for in resolutions duly adopted at a members' meeting. However, nothing shall preclude any officer from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE 5. COMMITTEES

Section 5.01. Executive Committee. The Board of Directors may elect or appoint an Executive Committee consisting of the President, a Vice-President, and one or more other members of the Board of Directors. Except as otherwise provided by law, the Executive Committee shall have and may exercise all the duties and powers of the Board of Directors in the interim between meetings of the Board of Directors. However, the Executive Committee shall have no duties or powers to elect or remove officers; adopt, alter, amend, or repeal By-laws; or fill vacancies on the Board of Directors. Any action taken by the Executive Committee shall be reported to the Board of Directors after such action is taken, and the Board of Directors shall ratify, modify, or disaffirm the acts of the Executive Committee.

Section 5.02. Nominating Committee. At least 30 days prior to the annual meeting of members, the President shall appoint, subject to approval of the Board of Directors, a Nominating Committee of at least three members. At least 15 days prior to the annual meeting, the Nominating Committee shall submit in writing to the members the names of nominees for each Directorship to be filled. Additional nominations may be made from the floor at the annual meeting.

Section 5.03. Other Committees. The Board of Directors may provide for and appoint such additional committees as the Board deems necessary to achieve the purposes of the Association. The Board of Directors at any time may increase or decrease the number of members of, remove any member of, adopt rules and regulations for, change the functions of, or terminate the existence of any such committee.

ARTICLE 6. BUDGET AND ASSESSMENTS

Section 6.01. Annual Budget. The Board of Directors shall prepare or cause to be prepared for each fiscal year (a) an annual budget of estimated Common Expenses and (b) assessments to be

levied against each Unit. The annual budget shall take into account the estimated Common Expenses and cash requirements for the year, including, without limitation, salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and similar items. The annual budget shall also take into account any surplus or deficit from the current fiscal year and the estimated available cash income from the lease, operation, or use of the Common Elements. The annual budget shall provide for a reserve for contingencies and a reserve for replacements in such amounts as may be determined by the Board.

Section 6.02. Adoption of Budget. The Board of Directors shall adopt an annual budget and shall levy assessments against each Unit. After the annual budget and assessments are adopted by the Board, copies shall be distributed to each member at least 30 days prior to the beginning of the fiscal year to which the budget and assessments apply. The annual budget and the assessments shall become effective unless disapproved by a vote of a majority of the total members of the Association prior to the first day of the new fiscal year. In the event the membership disapproves the annual budget or assessments or the Board of Directors fails for any reason to adopt a budget or assessments for the succeeding fiscal year, the budget or assessments in effect for the current year shall be repeated for the succeeding fiscal year until such time as an annual budget and assessments are approved for such succeeding year.

Section 6.03. Assessments. The annual budget shall include assessments for each member, and each member shall pay on or before the first day of each month his or her assessment as follows:

(a) General Assessment. Each member shall pay his or her proportionate share of the Common Expenses for each year as shown by the annual budget. Payment shall be in monthly installments of 1/12 of the member's proportionate share.

(b) Direct Expenses. The Board of Directors may designate different categories of expenses and allocate specific categories to specific types of buildings, such as insurance and reserve for replacements. Such direct expenses shall be chargeable directly against the specific type of building, and the members in such buildings shall be responsible for payment of such direct expenses in addition to the general assessment for Common Expenses.

(c) Continuation. If the Board of Directors does not approve an annual budget or such budget is disapproved by the mem-

bers, each member shall continue to pay each month 1/2 of the amount of his or her respective assessment as last determined.

Section 6.04. Proration. If the first or any succeeding fiscal year shall be less than a full year, assessments for each member shall be proportionate to the number of months and days in such fiscal year.

Section 6.05. Annual Report. Within 120 days after the end of each fiscal year or as soon thereafter as is practicable, the Board of Directors shall furnish to each member a statement for the preceding fiscal year, showing receipts and expenditures and such other information as the Board may determine.

Section 6.06. Supplemental Budget. If it shall appear to the Board of Directors at any time that the assessments, determined in accordance with the annual budget for the year, are or will be insufficient to cover the estimated Common Expenses for the remainder of such year, the Board may prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year. Copies of such supplemental budget shall be distributed to each member. The supplemental budget and the assessments made in the supplemental budget shall become effective unless disapproved by a vote of a majority of the total members of the Association within 15 days after copies are mailed to members.

Section 6.07. Liens. If any member fails or refuses to pay the monthly assessment when due, the amount thereof, together with interest thereon at the maximum lawful rate in the State of Iowa from and after the date the assessment is due and payable, shall constitute a lien on the interest of such member as provided in the Declaration.

Section 6.08. Records and Statement of Account. The Board of Directors shall cause records required by the Act to be kept, including detailed and accurate records of the receipts and expenditures effecting the Common Elements and Limited Common Elements. Payment vouchers may be approved in such manner as the Board may determine. Upon written request and payment of a reasonable fee, the Board shall furnish to any member a statement of his or her account setting forth the amount of any unpaid assessments or other charges due and owing from such member, which statement of account shall be conclusive evidence of the amount of unpaid assessments or other charges due as of the date of such statement.

Section 6.09. Holding of Funds. All funds collected pursuant to the Declaration and these By-laws shall be held and expended for the purposes outlined in said documents, and, except for special assessments that may be levied against less than all the members and for such adjustments as may be required to reflect

delinquent or prepaid assessments, shall be held for the benefit, use, and account of all members. Any person who handles funds of the Association shall be covered by an adequate fidelity bond, the premium for which may be a Common Expense.

Section 6.10. Reserves. The Board shall establish a reserve fund for replacement of Common Elements, and the reserve fund shall be maintained by portions of the monthly installments of assessments. For the initial months of operation of the Project, there shall be a working capital fund equal to at least two months' estimated Common Expense assessment for each Unit.

ARTICLE 7. GENERAL PROVISIONS

Section 7.01. Seal. The Association shall have no seal unless otherwise ordered by the Board of Directors. The Board of Directors may decide at any time that the Association shall have a seal, and thereafter the Association shall have a seal until otherwise ordered by the Board of Directors.

Section 7.02. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors from time to time.

Section 7.03. Execution of Documents and Instruments. All deeds and conveyances of real estate, mortgages of real estate, and leases of real estate (for an initial term of five years or more) to be executed by the Association shall be signed in the name of the Association by the President, or a Vice-President and signed or attested by the Secretary or an Assistant Secretary.

All other documents or instruments to be executed by the Association (including, without limitation, contracts, agreements, bonds, reports, releases, promissory notes, and evidences of indebtedness; and deeds, conveyances, mortgages, and leases other than those referred to in the preceding sentence) shall be signed in the name of the Association by any one or more officers of the Association.

However, from time to time the Board of Directors or President may change, add to, limit, transfer to another officer or agent, or abolish the authority of any officer or officers to sign any or all documents or instruments, or may authorize the execution of any document or instrument by any person or persons. Such action may be either general or continued to specific instances.

Section 7.04. Borrowing. No money shall be borrowed on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by (or pursuant to authority

granted by) the Board of Directors. Authorization may be either general or confined to specific instances.

Section 7.05. Checks and Drafts. All checks and drafts issued in the name of the Association shall be signed by the person or persons and in the manner authorized by (or pursuant to authority granted by) the Board of Directors.

Section 7.06. Indemnification. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a Director, officer, member, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, in the manner and to the extent provided in this Section.

(a) Indemnification may be made in the manner and to the extent provided by Iowa law.

(b) Indemnification may be made if and to the extent that either the Board of Directors or independent legal counsel (in a written opinion) determines that the person to be indemnified acted in good faith and in the manner he or she believed to be in or not opposed to the best interests of the Association. The Board of Directors may make this determination (notwithstanding Section 3.11 and 3.13) by a vote or consent which includes either (1) the votes or consents of a majority of a quorum consisting of Directors who were not parties to the action, suit, or proceeding, or (2) a unanimous vote or consent of all Directors who were not parties to the action, suit, or proceeding (whether or not constituting a quorum) if there is at least one such Director.

(c) Indemnification may be made in accordance with any agreement authorized by the Board of Directors before the commencement of the action, suit, or proceeding.

(d) Subsections (a), (b), and (c) of this Section provide independent and alternative methods of indemnification. Restrictions, prohibitions, and unfavorable presumptions contained in the law governing indemnification referred to in Subsection (a) shall not apply to indemnification under Subsection (b) or (c).

(e) Expenses incurred in defending any action, suit, or proceeding referred to in this Section may be paid by the Association in advance of the final disposition of the action, suit, or proceeding, upon authorization by any of the methods referred to in this Section and upon receipt of an undertaking by or on behalf of the person to be indemnified to repay such amount unless it is ultimately determined that he or she is entitled to be indemnified by the Association as provided in this Section.

(f) To the extent that a person referred to in this Section has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in this Section or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

(g) Any indemnification of a person may be both as to action in his or her official capacity and as to action in another capacity while holding such official capacity; shall continue as to a person who has ceased to be a Director, officer, member, employee, or agent; and shall inure to the benefit of the heirs, executors, and administrators of the person.

(h) The Association and the Board shall have the power and responsibility for raising, by special assessment or otherwise, any sums required to discharge the obligations under this Section; provided, however, that liability of any member shall be limited to such proportion of the total liability hereunder as the member's fractional of interest in the Common Elements bears to the total interest of all the members in the Common Elements.

Section 7.07. Limitation of Liability. No Director or officer of the Association shall be liable to the Association for any act, omission, or negligence, except that he or she shall be liable for loss directly resulting from his or her willful or reckless misconduct. This Section is in addition to all other limitations of liability contained in applicable law, the Declaration, the Articles of Incorporation, or other provisions of these By-laws. The liability of Directors and officers shall be limited or removed to the maximum extent provided either by this Section or by other provisions of these By-laws or the Articles of Incorporation or by applicable law; and these By-laws shall be liberally construed to carry out this purpose.

Section 7.08. Authority to Carry Out Resolutions and Motions. Each resolution or motion adopted by the Board of Directors shall be deemed to include the following provision, unless the resolution or motion expressly negates this provision: "The officers of the Association are severally authorized on behalf of the Association to do all acts and things which may be

necessary or convenient to carry out the intent of this resolution (motion), including, without limitation, the authority to make, execute, seal, deliver, file, and perform all appropriate contracts, agreements, certificates, documents, and instruments."

The foregoing provision shall automatically be a part of the resolution or motion even though not stated in the minutes; and any officer may state or certify that the foregoing provision is included in the resolution or motion.

Section 7.09. Effect of Partial Invalidity. If a court of competent jurisdiction adjudges to be invalid any clause, sentence, paragraph, section, or part of the Articles of Incorporation or these By-laws, the judgment or decree shall not affect, impair, invalidate, or nullify the remainder of the Articles of Incorporation or these By-laws; but the effect shall be confined to the clause, sentence, paragraph, section, or part adjudged to be invalid.

Section 7.10. Enforcement Proceedings. Except as provided in Section 2.07, the Board shall not impose a fine, suspend voting rights, or infringe upon any other rights of a member or occupant for violations of restrictions, conditions, covenants, rules or regulations unless and until the following procedure is completed:

(a) Demand. Written demand to cease and desist an alleged violation shall be served upon the alleged violator specifying the alleged violation, the action required to abate the violation, and a time period not less than ten days during which the violation may be abated without further sanction, if such violation is a continuing one or a statement that any further violation of the same nature may result in the imposition of sanction after notice if the violation is not continuing.

(b) Notice. Within 12 months of such demand, if the violation continues past the period stated in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board shall serve the violator with written notice of a hearing to be held by the Board. The notice shall contain the nature of the alleged violation, the time and place of the hearing, which shall be not less than ten days from the giving of the notice, an invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf, and the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to the notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed

adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or Director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any. The member subject the procedure and hearing set forth herein shall have the right to present evidence (the formal rules of evidence shall not apply to the hearing) and to be represented by counsel at his or her own expense.

Section 7.11. General Definitions. Wherever used in the Articles of Incorporation or in these By-laws, unless the context or another provision of the Articles of Incorporation or these By-laws clearly indicates otherwise:

(a) Any word or term defined in the Iowa Nonprofit Corporation Act or the Declaration shall have the same meaning in the Articles of Incorporation or in these By-laws.

(b) The use of the singular includes the plural. The use of the plural includes the singular. The use of any gender is applicable to any other gender.

(c) "Written" means written, typed, printed, duplicated, or reproduced by any process.

(d) "Adopt", "adopted", "adoption", "authorize", "authorized", "authorization", "approve", "approved", "approval", "ratify", "ratified", and "ratification" are interchangeable words each of which includes all of said words.

(e) Headings and references in margins are included for convenience and shall not be construed to limit or restrict any provision of the Articles of Incorporation or these By-laws.

ARTICLE 8. AMENDMENTS TO BY-LAWS

Section 8.01. Reservation of Right to Amend; Retroactive Effect. The Association reserves the right from time to time to amend these By-laws in the manner now or hereafter permitted by the Declaration, the Articles of Incorporation, and these By-laws, whether or not the amendment constitutes or results in a fundamental change in the purposes or structure of the Association. The original By-laws of the Association and each amendment to the By-laws (unless otherwise expressly stated in the amendment or in the resolution adopting it) shall be effective retroactively to the beginning of the Association's existence and (to the maximum possible extent) shall apply to acts, transactions, and events occurring and rights and liabilities arising before adoption of

the By-laws or the amendment. The preceding sentence and the retroactive effect of the By-laws and amendments shall not invalidate or impair any act or transaction which would otherwise be valid. Wherever used in these By-laws with respect to the By-laws, the word "amend", "amended", or "amendment" includes and applies to the amendment, alteration, or repeal of any or all provisions of the By-laws or the adoption of new By-laws.

Section 8.02. Procedure to Amend; Board Action. Subject to Paragraph 6.2(b) of the Declaration, any amendment to these By-laws may be adopted at any meeting of the Board of Directors by the affirmative vote of 75 percent of the number of Directors fixed by Section 3.03. Notice of any proposed amendment to the By-laws and the time and place of the meeting at which the proposed amendment is to be considered shall be given to all members at least ten days prior to such meeting.

ASPEN LAKE ASSOCIATION
RULES AND REGULATIONS

COMMON AREA POLICIES:

All plants, topsoil or humus are to be left undisturbed. Cutting or digging up plants or trees is not allowed.

Hunting or trapping is not allowed. Firearms and air guns are not to be discharged on the property.

The common areas should be kept clean.

Private property bordering on the common areas should be respected.

No motorized vehicles of any kind, except authorized maintenance vehicles are permitted on the common areas or pathways other than streets or parking areas.

Bicycles are permitted on the paved areas only.

Persons using the common areas after 9:00 p.m. must refrain from loud and boisterous activities.

The use of picnic grills should be confined to limited common areas and must be supervised to prevent injury to others.

Residents are responsible for any damage done to common areas by themselves or their guests.

Entryways, halls, stairways, landings, and parking areas shall be kept clear of bicycles, waste receptacles, footwear, and other foreign objects at all times.

Except within individual units, no planting or gardening may be done, and no fences, hedges, clothes lines or walls may be erected or maintained upon the common areas.

PARKING POLICIES:

Each condominium unit shall be entitled to the use of at least one parking space for an approved vehicle. An approved vehicle shall include any conventional passenger vehicle, or a truck or commercial vehicle of less than 2.5 tons in gross weight. No unit shall be entitled to have more than two regularly parked vehicles in the lots. Resident owned vehicles must be registered with the property manager.

All motor vehicles shall display current licenses and be maintained in proper operating condition so as not to be a hazard or nuisance by noises, exhaust emissions or appearance.

Storage of vehicles is not permitted in the parking areas. No vehicle shall be parked in a visitor parking area for longer than 72 hours without prior written permission.

No repairs shall be made in the parking lot that would render the vehicle inoperable for more than 24 hours. No repairs shall be made that may damage or soil the pavement, particularly oil changes.

No signs, initials, numbers or any other additions or alterations to parking spaces may be painted, displayed or erected by any residents.

Motorcycles and bicycles are to be parked in areas designated for each.

Vehicles should not overhang pathways or green areas.

PET POLICIES:
No dogs allowed. Cats, caged birds, and fish are permitted provided that it can be confirmed that the pet has not been a problem or caused damage at former residences.

Residents are responsible for any damage to property, injury or disturbance that a pet may cause or inflict.

No pet owner may permit an animal to relieve itself on common areas. In the event of an "accident", owners are responsible for the immediate removal of animal wastes from the common areas.

When on the common areas, pets must be carried or leased. No animal may be leashed to any stationary object on the common areas.

All pets must be licensed as per City regulations in order to ensure that pets have been vaccinated against rabies.

Penalties for violation of the Iowa City pet ordinance may be enforced by the City without regard to any remedies pursued by the landlords.

NOISE RESTRICTIONS:
Residents shall not make, nor permit, any public or private nuisances or any disturbing noises, conduct, music, stereo, television, or partying in any apartment or elsewhere on the property so as to disturb or annoy other residents. Violations of this rule shall be reported to the Iowa City Police Department by the offended tenants.

WATERBEDS:
There shall be no waterbeds in the upper level units. Waterbeds may violate floor loading regulations. They are messy to fill and empty. If ruptured, they can damage the apartment and the ones below. Even if they remain intact, the bleach put into the water to keep it from \souring may leak through in gaseous form and ruin the carpet.

GARBAGE:
Garbage and refuse should be placed in the trash containers provided. The trash container lids should be closed at all times to prevent trash from blowing out of the containers. No trash or garbage will be permitted in the hallways, stairwells, or landings at any time.

SIGNS:
No signs, stereo, or radio antennas or aerials, awnings, other similar materials shall be exposed from any window or any other outside portion of any unit or common area.

FLAMMABLE ARTICLES:
Highly flammable articles and substances are prohibited from all units. This would include kerosene, gasoline, and other highly flammable or explosive materials.

PEST CONTROL:
Each building and the condominium units are treated for pests on a quarterly or on call basis. Notices shall be posted on the bulletin boards 24 hours in advance of treatment. If a resident's housekeeping is responsible for a pest invasion, the resident will be responsible for all charges incurred in order to eradicate pests from the premises. No occupant of a condominium unit may refuse pest control treatment of the unit unless the occupant provides the association with a written statement from occupant's medical physician stating that the unit should not be treated.

MAIL DELIVERY:
The Post Office will not deliver mail to any condominium mailbox which is not clearly marked with the resident's name. The Post Office should be advised of any change of address immediately.

COLD WEATHER PRECAUTIONS:
It is the resident's responsibility to maintain normal temperature in the apartment, regardless of whether it is occupies or not, to prevent pipes from freezing.

VIOLATIONS:
Violations of any part of these rules and regulations will result in the appropriate action or legal remedies being taken as required to protect the property rights of the parties involved. These rules and regulations may be added to or amended from time to time and such amendments and additions will become effective immediately.