

**BYLAWS
OF
THE PRESERVE HOMEOWNERS ASSOCIATION**

ARTICLE I

Identification and Applicability

Section 1.01. Identification and Adoption. These are the Bylaws of The Preserve Homeowners Association (hereinafter the “Association”), a corporation organized pursuant to Chapter 504 of the Code of Iowa, as amended, for the purpose of owning and maintaining the following described real estate in the City of Iowa City, Iowa:

The common areas and storm water management facilities serving The Preserve, Part One, North Liberty, Iowa, including, but not limited to Outlots “A” and “B”, Auditor’s Parcel 2019013, landscaping berm easement areas, development signs and associated landscaping, and sharing in certain costs and responsibilities associated with the stormwater management facilities as more particularly described in the Storm Water Management Facility Maintenance Agreement and Easement recorded September 12, 2019, in Book 5956, Page 541-580 of the records of Johnson County, Iowa.

The owner of a lot located within The Preserve, Part One, as depicted on the recorded plat thereof (all referred to herein as “Lot”) shall be referred to herein as “Owner” and in the plural as “Owners.” The purpose administration and conduct of the affairs of the Association shall be governed by these Bylaws as well as the Association’s Articles of Incorporation and the Protective Covenants and Restrictions (“Covenants”) applicable to The Preserve, Part One, and future phases of The Preserve subdivision.

Section 1.02. Individual Application. All of the owners, future owners, tenants, future tenants, or their guests and invitees, or any other person that might use or occupy a Lot or any part of a Lot shall be subject to the rules, restrictions, terms and conditions set forth in these Bylaws and the Covenants.

Section 1.03. Common Area. Common Area shall consist of the common areas and storm water management facilities serving The Preserve, Part One Subdivision and future phases of The Preserve including, but not limited to Outlots “A” and “B”, Auditor’s Parcel 2019013, the landscaping berms located on Lots 1, 7 and 8, and the Subdivision’s development signs and associated landscaping. The Association shall at all times comply with the Storm Water Management Facility Maintenance Agreement and Easement recorded September 12, 2019, in Book 5956, Page 541-580 of the records of Johnson County, Iowa (the “Storm Water Agreement”), pursuant to which the Association is responsible for its prorata costs and responsibilities associated with the stormwater management facilities for The Preserve, Part One; as well as any other common area that the Association holds title to or is otherwise required to maintain pursuant to the Articles of Incorporation or Covenants. The developer of The Preserve,

Part One, at its discretion, may convey title to one or more of the common areas of The Preserve, Part One, and future phases of The Preserve subdivision to the Association.

ARTICLE II

Meetings of Association

Section 2.01. Purpose of Meetings. At least annually and at such other times as may be necessary, a meeting of the Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the payment of expenses and collection of assessments for maintenance of the Common Area as may be provided in these Bylaws and/or in the Covenants.

Section 2.02. Organizational Meeting. The organizational meeting of the members of the Association to elect successors of the initial Board of Directors shall be held on or before the earlier of seven years after the first Lot subject to the Covenants is conveyed to a third-party purchaser by Watts Group Development, Inc. (hereafter the "Developer") or six months after 75% of the Lots subject to the Covenants have been conveyed to third-party purchasers by the Developer.

Section 2.03. Annual Meetings. The next annual meeting of the members of the Association shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at such time as the Board of Directors determines. At the annual meeting, the Owners shall elect the Board of Directors of the Association in accordance with the provisions of these Bylaws and transact such other business as may properly come before the meeting.

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

(1) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto. The reading of such minutes may be waived in full or in part by appropriate resolution of the members.

(2) Treasurer's Report. The Treasurer shall report to the Owners concerning the financial condition of the Association and answer relevant questions of the Owners concerning the Common Expenses and financial report for the prior year and the proposed budget for the current year.

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

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any Owner from those Owners eligible to serve. Such

nominations may be in writing and presented to the Secretary of the Association at least ten (10) days prior to the date of the annual meeting; provided, however, that if the individuals nominated are fewer than the number of vacancies on the Board, members shall be permitted to nominate individuals to serve on the Board at the annual meeting. Voting for Board of Directors will be by paper ballot, unless such requirement to use paper ballots is waived by majority vote of the members at the annual meeting. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast the total number of votes to which he is entitled for as many nominees as are to be elected; however, he shall not be entitled to cumulate his votes. Those persons receiving the highest number of votes shall be elected. All voting for election of the members of the Board of Directors shall be conducted by secret written ballot, unless said requirement is waived by majority vote of the members at the annual meeting.

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

(6) Adjournment.

Section 2.04. Special Meetings. A special meeting of the members of the Association may be called by the President, by resolution of the Board of Directors or upon a written petition of not less than twenty-five percent (25%) of the members. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.05. Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Johnson County, Iowa, as may be designated by the Board of Directors. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each Owner not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at their address as it appears upon the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.06. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.05 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2.07. Voting.

(a) Number of Votes. Each Owner shall be entitled to cast that number of votes on each matter coming before the meeting as provided in the Covenants.

For the purposes of the conducting of meetings and voting at meetings, the Developer, if an owner of one or more Lots, shall be considered included within the term "Owner" for the purposes of these Bylaws. Voting rights shall be determined in accordance with the Covenants. When more than one person holds an interest in any Lot all such persons shall be members. The votes for such Lot shall be exercised as they among themselves determine, but in no event shall the votes held for one Lot be split.

(b) Multiple Owner. Where the owner of a Lot constitutes more than one person, or is a partnership or similar legal entity, there shall be only one voting representative entitled to the vote allocable to that Lot. In the event the Owners of one Lot cannot agree on how a vote shall be cast, they shall forfeit their voting right on such issue as fractional voting shall not be permitted.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the corporation duly empowered by the Board of Directors of such corporation shall cast the vote to which the corporation is entitled. A mortgagee may not be entitled to vote unless the mortgagee has become an Owner of a Lot.

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

(e) Quorum. Except as otherwise expressly provided in the Covenants or these Bylaws, twenty percent (20%) of the votes entitled to be cast on a matter must be represented at a meeting of members to constitute a quorum on that matter.

ARTICLE III

Board of Directors

Section 3.01. The affairs of the Association and the Subdivision shall be governed and managed by the Board of Directors (herein collectively called "Board" or "Directors" and individually called "Director"). The Board of Directors shall be composed of either three (3) or five (5) persons as determined by the members at the Annual Meeting. No person shall be eligible to serve as a Director unless he or she is an Owner or is appointed by the Developer for Lots owned by the Developer. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Lot may be represented on the Board of Directors by more than one person at a time.

Section 3.02. Board of Directors. Until the first annual meeting, the Board of Directors shall be made up of Gary D. Watts, Michael Van Dyke and Tyler Todd, the initial directors.

Section 3.03. Term of Office and Vacancy. The Board of Directors shall be elected at each annual meeting of the Association. Directors shall hold office for a term of one (1) year or until their successors have been duly elected and qualified.

Any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Owners if a Director is removed in accordance with Section 3.04 of this Article III.

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

Section 3.05. Duties of the Board of Directors. The Board of Directors shall carry out the purposes of the Association as specified in the Covenants. The Board of Directors shall further provide for the administration of the Association including, without limitation:

- (a) assessment and collection from the Owners of their applicable share of the common expenses and assessments;
- (b) preparation of an annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;
- (c) preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year; such accounting shall be delivered to each Owner simultaneously with delivery of the annual budget;
- (d) keeping a current, accurate and detailed record of receipts and expenditures affecting the Common Area and the Association, specifying and itemizing the common expenses and assessments; all records and vouchers shall be available for examination by an Owner upon reasonable request. All records and vouchers shall also be available for examination by the holder of any first mortgage lien on any Lot or Lots upon reasonable request.

Section 3.06. Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

- (a) to employ a managing agent or a real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;
- (b) to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;

(c) to procure public liability and property damage insurance and Workmen's Compensation insurance, if necessary, for the benefit of the Owners, the Association and the Common Areas;

(d) to employ legal counsel, architects, contractors, accountants engineers, surveyors and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;

(e) to include the costs of all of the above and foregoing as common expenses and assessments and to pay all of such costs therefrom;

(f) to adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to use, operation and enjoyment of the Common Area;

(g) to open and maintain a bank account or accounts in the name of the Association; and

(h) to perform such duties as are consistent with the Covenants, these Bylaws and the Articles of Incorporation of the Association.

Section 3.07. Limitation on Board Action. The authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$5,000.00 without obtaining the prior approval of a majority of Owners, except in the following cases:

(a) contracts for replacing or restoring portions or improvements on the Common Area damaged by casualty where the cost thereof is payable out of insurance proceeds actually received;

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

Section 3.08. Compensation. No Director shall receive any compensation for any service rendered to the Association except to such extent as he may be reimbursed for actual expenses incurred in the performance of his or her duties as may be approved by at least a majority of the other members of the Board.

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

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain

a statement of the purpose for which the meeting is called. Such meeting shall be held at such place and at such time within Johnson County, Iowa, as shall be designated in the notice.

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

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

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

Section 3.13. Additional Indemnity of Directors. The Association shall indemnify any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he or she is or was an officer or Director of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with the defense of such action, suit or proceeding, or in connection with any appeal thereof, except as otherwise specifically provided herein. No Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Association or statements or advice made by or prepared by the Managing Agent of the Association or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

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

Section 3.15. Action by Written Consent of Directors. Action may be taken by the Board of Directors if written consent to the action is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE IV

Officers

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

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

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

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

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

Section 4.06. The Treasurer. The Treasurer shall be elected from among the Directors. The Treasurer shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. The Treasurer shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association. The Treasurer shall immediately deposit all funds of the Association coming into his hands in some reliable

bank or other depository to be designated by the Board and shall keep such bank account in the name of the Association.

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

Section 4.08. Compensation. No officer shall receive compensation from the Association for acting as such unless approved in advance by a majority vote of the members of the Association at the Annual or a special meeting.

ARTICLE V

Assessments

Section 5.01. Annual Accounting. Annually, after the close of each calendar year and prior to the date of the annual meeting of the Association, the Board shall cause to be prepared and furnished to each Owner an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding calendar year, and a copy of said financial statement, upon request, shall be furnished to each holder of a first mortgage lien upon any Lot or Lots.

Section 5.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses and assessments for the ensuing year and furnish a copy of such proposed budget to each Owner prior to the annual meeting. The annual budget shall be submitted to the Owners at the annual meeting of the Association for adoption and, if so adopted, shall be the basis for the Periodic Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the Owners, the budget shall be approved in whole or in part or shall be amended in whole or in part and approved by a majority of the vote present at the meeting.

Section 5.03. Periodic Assessments.

(a) The annual budget as adopted shall, based on the estimated cash requirement for the common expenses and assessments in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against each respective Lot (herein called the "Periodic Assessment"). The Periodic Assessment against each Lot shall be paid in equal monthly installments, or on a less frequent basis at the discretion of the Board of Directors, commencing on the first day of February of such calendar year and on the first day of each calendar month thereafter through and including the following January 1 (in the case of monthly installments). Alternative due dates for the Periodic Assessment may be established by the Board of Directors in its discretion. Payment of Periodic Assessment shall be

made to the Association. The Periodic Assessment for the year shall become a lien on each separate Lot as of February 1 of each calendar year.

(b) Common expenses shall include, but are not limited to, the following:

(1) the expenses, costs and charges incurred in connection with the administration, operations and management of the Association;

(2) the cost of maintenance and repair of the Common Areas or any part or improvement thereof;

(3) the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of the Covenants; and

(4) such amounts as the Board of Directors may deem proper for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year;

Section 5.04. Special Assessments. From time to time common expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise provided in these Bylaws or the Covenants, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each Lot in a uniform manner (herein called "Special Assessment").

Section 5.05. Limitation on Assessments. Nothing contained in these Bylaws is intended to impose an obligation for payment of assessments for common expenses when an exemption from assessment for specific common expenses has been specifically provided for in the Covenants.

Section 5.06. Failure of Owner to Pay Assessments. Each Owner shall be personally liable for the payment of all Periodic and Special Assessments. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Periodic or Special Assessment when due, the lien for such Assessment on the Owner's Lot may be recorded and foreclosed by the Board for and on behalf of the Association as provided by law. In any action to foreclose the lien for Assessments, the Owner and occupant shall be jointly and severally liable for the payment to the Association of reasonable rental for such Lot, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the Lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Periodic and/or Special Assessment. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Periodic and/or Special Assessment without foreclosing or waiving the lien securing the same. The Board shall be entitled to recover from the Owner of the respective Lot, any costs, expenses and reasonably attorney's fees incurred by the Board, on behalf of the Association, to

collect a Periodic and/or Special Assessment, whether or not legal proceedings, foreclosure or otherwise, are actually instituted.

ARTICLE VI

Rules and Regulations

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

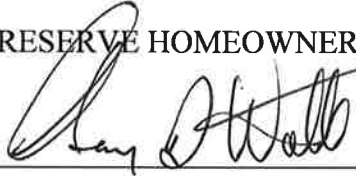
ARTICLE VII

Amendment to Bylaws

Section 7.01. These Bylaws may be amended by a vote of not less than two thirds (2/3) of the votes of the Owners in a duly constituted meeting called for such purpose.

Dated this 10th day of December, 2019.

THE PRESERVE HOMEOWNERS ASSOCIATION

By: 

Gary D. Watts, President and Secretary

