BY LAWS OF WALNUT RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I

Identification and Applicability

Section 1.01. Identification and Adoption. These By Laws are adopted simultaneously with the execution of a certain Declaration of covenants, conditions and restrictions for Walnut Ridge Part One, hereinafter the "Declaration". Said Declaration is incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall apply to and govern the interpretation of these By Laws. The definitions and terms as defined and used in the Declaration shall have the same meaning in these By Laws and reference is specifically made to Article I of the Declaration containing definitions of terms. The provisions of these By Laws shall apply to the Property and the administration and conduct of the affairs of the Association.

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 the Property, or of any property or land annexed to the Declaration as provided therein, shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration and these By Laws.

ARTICLE II

Meetings of Association

Section 2.01. Purpose of Meetings. At least annually and at such other times as may be necessary, the meetings of the owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the collection of Common Expenses and assessments, and for such other purposes as may be required by the Declaration and these By Laws.

Section 2.02. Annual Meetings. The annual meeting of the members of the Association shall be held during the first quarter of each calendar year. At the annual meeting the owners shall elect the Board of Directors of the Association in accordance with the provisions of these By Laws and transact such other business as may properly come before the meeting.

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

(1) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto.

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

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

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any Owner from those persons eligible to serve. Such nominations shall be called for at the annual meeting. Voting for Board of Directors will be by show of hands. 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.

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

(6) Adjournment.

Section 2.03. Special Meetings. A special meeting of the members of the Association may be called by the President by resolution of the Board of Directors or upon a written petition of the Owners who have not less than twenty five percent (25%) of the Class A membership votes. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04. Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Iowa City, Johnson County, Iowa, as may be designated by the Board of Directors. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each owner and, if applicable, to any Mortgagee not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the owners at their address as it appears upon the records of the Association and to the Mortgagee at the address as it appears on the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.05. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the By Laws, a substitute annual meeting may be called in accordance with the provisions of section 2.04 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2.06. Voting .

(a) Number of Votes. To avoid fractional votes and to facilitate the orderly conduct of the meeting, each owner shall be entitled to cast that number of votes on each matter coming before the meeting which is equal to the vote to which the Owner is entitled as provided in the Declaration.

For the purposes of the conducting of meetings and voting at meetings, the Declarant shall be considered included within the term "Owner" for the purposes of these By Laws. Voting rights shall be determined in accordance with the Declaration as follows:

Class A Class A members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B The Class 3 member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A Membership when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership. Provided, however, that such conversion of Class B membership must, in any event, take place on or before January 1, 1993.

(b) Multiple Owners . Where the owner of a Lot constitutes more than one person, or is a partnership, there shall be only one voting representative entitled to all the vote allocable to that Lot. In the event the Owners of one Lot cannot agree on how a vote shall be cast, they shall forfeit their voting right on such issue as fractional voting shall not be permitted. At the time of acquisition of title to a Lot by a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association a proxy appointing one of such persons or partners as the voting representative for such Lot, which shall remain in effect until such appointed representative relinquishes such appointment in writing, becomes incompetent, dies, such appointment is rescinded by an order of a court of competent jurisdiction or the subject Lot which forms the basis of the vote is conveyed. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Lot.

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

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

(e) Quorum. Except as other wise expressly provided in the Declaration or these By Laws, the owners representing ten percent (10%) of each class of membership, taken together, shall constitute a quorum at all meetings. The term majority of Owners or majority of vote, as used in these By Laws, shall mean the owners entitled to not less than fifty one percent (51%) of the votes in accordance with the Declaration, as such may be amended from time to time.

ARTICLE III

Board of Directors

Section 3.01. The affairs of the Association and Walnut Ridge 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 at least four persons. No person shall be eligible to serve as a Director unless he is an Owner or is appointed by the Declarant. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Lot may be represented on the Board of Directors by more than one person at a time.

Section 3.02. Board of Directors. Until the first annual meeting, the Board of Directors shall be John W. Kennedy and Myles N. Braverman, all of whom shall be appointed by the Declarant.

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 three (3) years; if no successor is duly elected at the annual meeting of the Association, Directors may serve two (2) consecutive terms.

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

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

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

(a) protection and surveillance of the Common Areas and repair and replacement of the improvements thereof;

(b) procuring of utilities used in connection with the Common Areas;

(c) landscaping, painting, decorating and furnishing of the Common Areas;

(d) surfacing, paving and maintaining any private streets, the subdivision entrance, walkways and common mailbox area;

(e) assessment and collection from the Owners of the owner's pro rate share of the Common Expenses and assessments;

(f) 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;

(g) 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;

(h) keeping a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses and assessments; all records and vouchers shall be available for examination by an owner at any time during normal business hours. All records and vouchers shall also be available for examination by the holder of any first mortgage lien on any unit or units at any time during normal business hours.

Section 3.07. Powers of the Board of Directors The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

(a) to employ a managing agent or a real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;

(b) to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;

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

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

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

(f) to consent to amendments to the Declaration as therein provided;

(g) to adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation and enjoyment of the Property;

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

(i) to perform such duties as are consistent with the Declaration.

Section 3. 08. Limitation an 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 of the Common Areas damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received;

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

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

Section 3.10. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally, by email or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place and at such time within Iowa City, Johnson County, Iowa, as shall be designated in the notice.

Section 3.11. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Quorum . At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board.

Section 3. 13. Non Liability of Directors. The Directors shall not be liable to the Association for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or By Laws. it is intended that the Directors shall have no personal liability with respect to any contract made by them an behalf of the Association. Every contract made by the Board shall provide that the Board of Directors, in executing such contract, is acting as Agent for the Association and shall have no personal liability thereunder.

Section 3.14. Additional Indemnity of Directors. The Association shall indemnify any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he is or was a Director of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding. No Director shall he considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Association or statements or advice made by or prepared by the Managing Agent of the Association or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

Section 3.15. Bond. The Board of Directors shall require any or all officers and employees of the Association handling or responsible for Association funds to be covered by an adequate bond. The premiums on such bonds shall constitute a common expense.

Section 3.16. Informal Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE IV

Officers

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

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

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

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

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

Section 4.06. The Treasurer. The Board shall elect from among the Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank or other depository to be designated by the Board and shall keep such bank account in the name of the Association. He shall also delegate duties to the management.

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

Section 4.08. Compensation. No officer shall receive compensation from the Association for acting as such unless prospectively approved by a majority vote at any normal or special meeting.

Section 4.09 Committees. The Board of Directors may, at its discretion, form Standing Committees for the purpose of overseeing ongoing improvements and/or special projects. The Chairman of such a Committee shall be a Director; Ex-Officio membership to such a Committee shall be open to all Owners.

ARTICLE V

Assessments

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 shall be furnished to each holder of a first mortgage lien upon any unit or units.

Section 5.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses and assessments for the ensuing year and furnish a copy of such proposed budget to each owner prior to the annual meeting. The annual budget shall be submitted to the owners at the annual meeting of the Association for adoption and, if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a majority of the vote; provided, however, that in no event shall the annual meeting of the owners be

adjourned until an annual budget is approved at such meeting, either the proposed annual budget or the proposed annual budget as amended.

Section 5.03. Regular Assessments.

(a) The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses, and assessments in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot. Immediately following the adoption of the annual budget, each Owner shall he given written notice of such assessment against each respective Lot (herein called the "Regular Assessment") . The Regular Assessment against each Lot shall be paid in semi-annual installments, 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. Payment of the monthly installments of the Regular Assessment shall be made to the Homeowners Association. The Regular Assessment for the year shall become a lien on each separate Unit as of February I of each calendar year.

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

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

(2) the cost of maintenance, repair, replacement and restoration of the Common Areas and Facilities, or any part thereof;

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

(4) such amounts as the Board of Directors may deem proper for the convenience, comfort and well being of the Unit owners, and for the operation, management, and maintenance of the Property, including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year;

(5) such amounts as may be required for the purchase or lease by the Board Of Directors or its designee, corporate or otherwise, an behalf of all or less than all Unit Owners of any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale;

(6) in proper cases, the cost of administration and of maintenance and repair of the Limited Common Areas and Facilities, if any, and

(7) any other expense lawfully agreed upon.

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

Section 5.05. Commencement of Assessments. The Regular Assessment to be charged against each Lot shall be determined in accordance with the Declaration of covenants, Conditions and Restrictions.

Section 5.06. Failure of Owner to Pay Assessments. Each Owner shall be personally liable for the payment of all Regular, Interim and Special: Assessments. Where the owner constitutes more than one person, the liability of such persons shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Regular, Interim or special Assessment when due, the lien for such Assessment an the Owner's Lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. In any action to foreclose the lien for Assessments, the Owner and occupant shall be jointly and severally liable for the payment to the Association of reasonable rental for such Lot, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the Lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular, interim or Special Assessment. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular, Interim or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular, Interim or Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys fees, from the Owner of the respective Lot.

Section 5.07. Maintenance and Repairs. Every Owner shall promptly perform all maintenance and repair within his own Lot, which, it neglected, would affect the value of the Property and is the responsibility of the Owner to make personally. Such maintenance and repairs include, but are not limited to, internal water lines, appliances, gas lines, telephones, air conditioning, doors, windows, lamps and all other accessories belonging to the Owner and appurtenant to the Lot.

The Association, in the performance of its maintenance duties, may, from time to time, make use of the external water outlets and faucets on the various units, provided, however that the Association may do so only if it provides monitoring for the amount of water used and reimburses the owner whose outlet or faucet is used for the amount of water consumed by the Association in the performance of its duties within 90 days from the date or dates of use.

ARTICLE VI

Restrictions On Use

Section 6.01. The following restrictions on the use and enjoyment of the Lots, common Areas, and the Property shall be applicable to Walnut Ridge and in addition to those set forth in the Declaration and recorded plats. These are as follows:

(a) All Lots shall be used exclusively for residential purposes and the occupancy for a single family or no more than three unrelated adults.

(b) No waste shall be committed on the Lot or Common Areas.

(c) No animals, livestock or poultry of any kind shall be raised, bred or kept an any Lot or in the Common Areas, except that small dogs, cats or customary household pets may be kept on a Lot, provided that Such pet is not kept, bred or maintained for any commercial purpose, and does not create a nuisance, An owner shall be fully liable for any damage to the Common Areas caused by his pet. The Board may adopt such other rules and regulations regarding pets as it may deem necessary from time to time. Any pet which, in the judgment of the Board, is causing or creating a nuisance or unreasonable disturbance or noise, shall be permanently removed from the Property upon three (3) days I written notice from the Board to the respective owner.

(d) No industry, trade, or any commercial or religious activity, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on the Property.

(e) No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Properties, nor shall said Properties be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of said Property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of Declarant, its agents and assigns during the construction and sale period of the Declarant, its successors, and assigns.

(f) All Owners and members of their families, their guests, or invitees, and all occupants of any Lot or other persons entitled to use the same and to use and enjoy the Common Areas or any part thereof, shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operation, use and enjoyment of the Common Areas.

(q) No boats, campers, trailers of any kind, buses, mobile homes, trucks or any other unconventional vehicles of any description, shall he permitted, parked or stored anywhere within the Property; provided, however, that nothing herein shall prevent the parking or storage of such vehicles completely enclosed within a garage.

(h) No Owner shall be allowed to plant trees, landscape or do any gardening in any of the Common Areas, except with express permission from the Board.

Section 6.02. Right of Board to Adopt Rules and Regulations. The Board may promulgate such additional rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Areas, 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.

Section 5.03. Annexed Land. Upon the annexation of additional subdivisions by the Declarant pursuant to the provisions contained in the Declaration, the Owners of Lots in such annexed subdivisions shall have full and free access to all of the Common Areas, facilities and amenities, as though such annexed subdivisions had originally been within the provisions of the Declaration from the time it was recorded in the office of the Recorder of Johnson County. In a like manner, the existing Owners shall have full and free access to the Common Area of any subdivision annexed pursuant to the Declaration.

ARTICLE VII

Amendment to By Laws

Section 7.01. These By Laws may be amended by a vote of not less than seventy five percent (75%) of the vote of the owners in a duly constituted meeting called for such purpose. Provided, however, that no amendment to these By Laws which affect the value or quality of the units or common areas may be adopted without the prior approval of the holders of a majority of first mortgage liens upon any unit or units, and provided further that a majority in interest of the mortgages shall have the right to veto any amendment adopted while Class B membership exists. Provided further that no amendment to these By Laws may be adopted, so long as class B membership exists, without the prior approval of the Department of Housing and Urban Development if at the time of such Amendment there are outstanding FHA or VA mortgage loans on any Lot to which the Declaration is applicable.

ARTICLE VIII

Mortgagees

Section 8.01. Notice to Association. Any owner who places a first mortgage lien upon his Lot or the mortgagee being the holder of any such first mortgage lien, shall notify the secretary of the Association and provide the name and address of the mortgagee. A record of such mortgagee and such name and address shall be maintained by the Secretary.

Section 8.02. Notice of Unpaid Assessments. The Association shall, upon request of a mortgagee, a proposed mortgagee or purchaser who has a contractual right to purchase a Lot, furnish to such mortgagee or purchaser a statement setting forth the amount of the unpaid Regular, Interim or Special Assessments against the Lot, which statement shall be binding upon the Association and the Owners, and any mortgagee or grantee of the Lot shall not be liable for nor shall the Lot conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement.

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

Rules and Regulations of Board of Walnut Ridge Homeowners Association Bylaws

Discussed and/or approved since 1993 Right given to Board in Section 6.02

Mail Boxes 2 September 1993

Individual mail boxes will be the standard for Walnut Ridge, rather than a bank of boxes near to development entrance. Individual mail boxes will adhere to the dimension standards as shown on the plans submitted by the developer, but mail boxes can be of a character that reflects the style of the house as well as being constructed of materials compatible to that of the house.

Delegation of Authority October 1993

Southgate gave the Board the power to review design changes on existing homes.

Snow removal 20 April 1994

Each homeowner is responsible for removing snow from the sidewalk in front of his/her home.

Design Review 1 8 October 1994

The Board of Directors has design review approval authorization over proposed building on existing houses. The Board of Directors must meet with City code personnel first to find out if any code requirements might supersede anything Board members might say. (See page 4 of Covenants 5.3)

Mowing of Vacant Lots 1 2 October 1995

These must be mowed on a regular basis and contracted by the lot owner at own expense. (See page 4of Covenants 6.1)

Board Make up 5 May 1999

While there continues to be further development of Walnut Ridge Subdivision through the addition of more phases or parts, a representative of Southgate Development Co. will be a non voting member of the Board.

Pet Patrol March 2000

Dog owners are to be considerate of neighbors and clean up after their dogs. (See page 5 of Covenants 7. 1)

Speed Limit Within Development June 2000

The posted speed is 25 miles per hour.

Fencing Guidelines January 2001

Under Sections 5.1 .3 of the Declaration of Covenants, Conditions and Restrictions "no building, fence, wall or other structure shall be commenced, erected or maintained within the Subdivision, nor shall any exterior addition to or change or alteration therein, be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved by the Developer." Southgate Development Company retains the right to approve house plans before a home is built in Walnut Ridge. As of October 1994 once a home is completed, the Board of Directors must approve further construction of a 'building, fence, wall or other structure'.

To retain the 'country park' ambiance of Walnut Ridge, visible fencing is discouraged. However, there are situations that may require a fence as described by city ordinance, as in the construction of a swimming pool, or as desired for the protection of pets and/or children. Any request for construction of a fence must be accompanied by a scale drawing showing intended placement relative to the house, a description of the fencing material and a detailed landscaping plan. Fence proposals will be reviewed on a case by case basis as to how each plan compliments the home and the neighborhood. Previously erected fences do not set a precedent for new requests. The Board of Directors has adopted the following guidelines that supersede the document dated October 1999

1 . Fenced area should not exceed the 'footprint' of the house. Fences may not be constructed on or immediately adjacent to property lines.

2. Fences will be permitted in backyards only and will not extend beyond the right or left side of the house.

3. Four feet is the recommended height. (City code for swimming pools is a minimum of 4 feet.)

4. Decorative fencing is encouraged. Chain link, chicken wire and solid fences are not permitted. Privacy fencing will be considered depending on material, placement and length.

5. Landscaping outside the fence is encouraged to minimize the impact on neighbors, Extent of landscaping depends on type of fencing. (For example, brick and wrought iron fencing would require less landscaping.) There should be adequate space on the outside of the landscaping to maintain it without encroaching on an adjacent lot(s).

6. Fences and associated landscaping will be maintained in a manner consistent with the neighborhood. (Section 6.1)

7. The 30 day period for consideration of fencing proposals begins on the date the plans are first presented at a board meeting. (Section 5.3)