DECLARATION

OF

SUBMISSION OF PROPERTY TO HORIZONTAL PROPERTY REGIME PURSUANT TO CHAPTER 499B OF THE CODE OF IOWA

NAME: MANCHESTER CONDOMINIUMS II

DECLARANT: ARLINGTON DEVELOPMENT, INC.

DATE OF DECLARATION: February 28, 2002

LEGAL COUNSEL: Douglas D. Ruppert
MEARDON, SUEPPEL & DOWNER P.L.C.
122 South Linn Street
Iowa City, Iowa 52240
(319) 338-9222

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DECLARATION
OF
SUBMISSION OF PROPERTY
TO HORIZONTAL REGIME ESTABLISHING A PLAN
FOR
CONDOMINIUM OWNERSHIP OF PREMISES

This Declaration of Submission of Property to the Horizontal Property Regime is made and executed in Iowa City, Iowa, the 28th day of February, 2002 by ARLINGTON DEVELOPMENT, INC., an Iowa corporation, hereinafter referred to as "DECLARANT", pursuant to the provisions of the Horizontal Property Act, Chapter 499B, Code of Iowa (2001).

WITNESSETH:

WHEREAS, DECLARANT is the owner of certain real property located in Iowa City, Iowa, and more particularly described as follows:

> A portion of Lot 258, Windsor Ridge – Part Fifteen to Iowa City, Iowa, as recorded in Plat Book 41, at Page 212, Plat Records of Johnson County, Iowa, the boundaries of which are described as follows:
>
> BEGINNING AT THE NORTHEAST CORNER OF LOT 258, WINDSOR RIDGE PART FIFTEEN, TO IOWA CITY, IOWA IN ACCORDANCE WITH THE PLAT RECORDED IN BOOK 41, AT PAGE 212, OF THE RECORDS OF THE JOHNSON COUNTY RECORDER'S OFFICE; THENCE SOUTHWESTERLY 24.62 FEET ALONG AN ARC OF A 120.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY, WHOSE 24.58 FOOT CHORD BEARS S19°22'17"W; THENCE S25°14'57"W, 318.58 FEET; THENCE SOUTHWESTERLY 111.01 FEET, ALONG AN ARC OF A 455.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY, WHOSE 110.74 FOOT CHORD BEARS S18°15'35"W; THENCE N78°43'47"W, 325.93 FEET; THENCE N25°14'57"E, 531.68 FEET; THENCE S64°45'03"E, 300.29 FEET, TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 3.45 ACRES, AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD,

and;

WHEREAS, DECLARANT is the owner of ten (10) multi-family buildings and other improvements built, or to be built, upon said real estate and it is the desire and the intention of the DECLARANTS to divide the Project into Condominiums and to sell and convey the same to various purchasers, pursuant to the provisions of the aforesaid Horizontal Property Act, and to impose upon said property mutually beneficial restrictions, covenants, and conditions; and

WHEREAS, DECLARANT desires and intends by filing this Declaration to submit the above-described property and buildings and other improvements constructed thereon, together with all appurtenances thereto, to the provisions of the aforesaid Act as a Condominium Project;

NOW, THEREFORE, the DECLARANT does hereby publish and declare that all property described above is held and shall be held and conveyed subject to the following covenants, conditions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominiums and shall be deemed to run with the land and shall be a burden and a benefit to DECLARANTS, their successors and assigns and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I.

DEFINITIONS

1. DECLARANT.

The term "DECLARANT" shall mean Arlington Development, Inc., an Iowa corporation, who has made and executed this Declaration.

2. DECLARATION.

The term "DECLARATION" shall mean this instrument by which Manchester Condominiums II, Iowa City, Iowa, is established as provided under the Horizontal Property Act.

3. PROJECT.

The term "PROJECT" shall mean the entire parcel of real property referred to in this Declaration to be divided into Condominiums, including all structures thereon.

4. UNIT.

The term "UNIT" shall mean one or more rooms occupying all or part of a floor or floors intended for use as a residence and not owned in common with the other owners in the Regime. The boundary lines of each Unit are the interior surfaces of its perimeter walls, bearing walls, floors, ceilings, windows and window frames, doors and door frames, and trim, and includes the portions of the Building so described and the air space so encompassed. The Regime will consist of ten (10) buildings, with a total of twenty-eight (28) Units.

5. GENERAL COMMON ELEMENTS.

The term "GENERAL COMMON ELEMENTS" shall have the meaning as defined in ARTICLE IV.

6. LIMITED COMMON ELEMENTS.

The term "LIMITED COMMON ELEMENTS" shall have the meaning as defined in ARTICLE V.

7. BUILDING.

The term "BUILDING" shall mean the structural improvements located on the land, forming part of the real estate described herein, and containing Units as more particularly described on Exhibits "D" and "E" in paragraph 2 of Article II of this Declaration.

8. GARAGE.

The term "garage" shall mean each of the attached double garages appurtenant to the Units.

9. CONDOMINIUM.

The term "CONDOMINIUM" means the entire estate in the real property owned by any Owner, consisting of an undivided interest in the Common Elements and ownership of a separate interest in a Unit.

10. OWNER.

The term "OWNER" means any person with an ownership interest in a Unit in the Project.

11. ASSOCIATION.

The term "ASSOCIATION" means Manchester Condominiums II Owners Association, and its successors.

12. CONDOMINIUM DOCUMENTS.

The term "CONDOMINIUM DOCUMENTS" means this Declaration, and all Exhibits attached hereto including the Articles and Bylaws of the Association.

13. PLURAL AND GENDER.

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

14. SEVERABILITY.

The invalidity of any covenant, restriction, agreement, undertaking, or other provisions of any Condominium Document shall not affect the validity of the remaining portions thereof.

15. INCORPORATION.

Exhibits attached hereto and referred to herein are hereby made a part hereof with the same force and effect as other provisions of this Document.

ARTICLE II.

DESCRIPTION OF LAND, BUILDING AND UNITS

1. Description of Land.

The real property submitted to the Regime is located in Iowa City, Johnson County, Iowa, and is legally described as follows:

> A portion of Lot 258, Windsor Ridge - Part Fifteen to Iowa City, Iowa, as recorded in Plat Book 41, at Page 212, Plat Records of Johnson County, Iowa, the boundaries of which are described as follows:
>
> BEGINNING AT THE NORTHEAST CORNER OF LOT 258, WINDSOR RIDGE PART FIFTEEN, TO IOWA CITY, IOWA IN ACCORDANCE WITH THE PLAT RECORDED IN BOOK 41, AT PAGE 212, OF THE RECORDS OF THE JOHNSON COUNTY RECORDER'S OFFICE; THENCE SOUTHWESTERLY 24.62 FEET ALONG AN ARC OF A 120.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY, WHOSE 24.58 FOOT CHORD BEARS S19°22'17"W; THENCE S25°14'57"W, 318.58 FEET; THENCE SOUTHWESTERLY 111.01 FEET, ALONG AN ARC OF A 455.00 FOOT RADIUS CURVE, CONCAVE

SOUTHEASTERLY, WHOSE 110.74 FOOT CHORD BEARS S18°15'35"W; THENCE N78°43'47"W, 325.93 FEET; THENCE N25°14'57"E, 531.68 FEET; THENCE S64°45'03"E, 300.29 FEET, TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 3.45 ACRES, AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

2. Description of Buildings.

This Condominium Regime will consist of ten (10) buildings containing a total of twenty-eight (28) Units. Six buildings will contain two (2) Units each and four (4) buildings will contain four (4) Units each. The location of each building therein is shown on Exhibit "E" attached hereto.

Declarant will ultimately construct ten (10) buildings containing a total of twenty-eight (28) Units. Specifications for the Buildings are set forth on Exhibit "D" attached hereto and the Site Plan showing the location of the Buildings is set forth on Exhibit "E" attached hereto. Exhibit "E" also sets forth the Building plans for each Building.

3. Description of the Units.

The Condominium Regime will ultimately consist of a total of twenty-eight (28) Units located in Buildings 1 through 10. Each Unit will be entitled to one (1) vote in the Association and will, except as otherwise specifically provided herein, pay an equal percentage of the common expenses and other assessments. There shall be two (2) Units located in Buildings 1 through 6. There shall be four (4) Units located in Buildings 7 through 10. The precise location of the Buildings is shown on Exhibit "E" attached hereto. As each phase is developed, the Declarant shall amend the Declaration by Exhibit which Exhibit shall show the precise location of each Building within that phase (which will be consistent with the footprint of each Building as shown on Exhibit "E"), the location of each Unit within each Building and the plans and specifications for said Building.

ARTICLE III.

OWNERSHIP INTERESTS

1. Exclusive Ownership and Possession by Owner.

Each owner shall be entitled to exclusive ownership and possession of his or her Unit. Each Owner shall be entitled to an undivided interest in the Common Elements. Said percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common

Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners.

An Owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, ceiling, windows and doors bounding his or her Unit, nor shall the Owner be deemed to own the utilities running through his or her Unit which are utilized for, or serve, more than one Unit, except as a percentage of an undivided interest in the Common Elements. An Owner, however, shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows and doors bounding his or her Unit.

2. Appurtenances.

There shall pass with the ownership of each Unit as a part thereof, whether or not separately described, all appurtenances to such Unit. No part of the appurtenant interest of any Unit may be sold, transferred or otherwise disposed of except in connection with the sale, transfer or other disposition of such Unit itself or of all Units in the regime.

3. Undivided Fractional Interest.

An undivided interest in the land and other Common Elements of the Regime, regardless of whether such elements are General or Limited Common Elements, shall be appurtenant to each Unit. Except as otherwise specifically provided herein, each Unit will bear a fractional share of the obligation for payment of assessment, taxes and insurance and other expenses assessed by the Owners' Association. The Unit's share of fractional expenses will change as the Declarant develops and completes buildings within the regime. Except as otherwise specifically provided herein, each Unit Owner will bear a fractional, proportionate share of said expenses based upon the number of units that have been completed and are certified for occupancy by the City of Iowa City, Iowa, within the regime. Ultimately, when all units are completed and certified for occupancy by the City of Iowa City, Iowa, each unit will have a $1/28^{th}$ share of said expenses and assessments.

4. General Common Elements.

Appurtenant to each Unit shall be a right to use and enjoy the General Common Elements.

5. Limited Common Elements.

The exclusive use by Owners of the Limited Common Elements shall be deemed an appurtenance of the Unit for which said elements are reserved, provided such use and enjoyment shall be limited to the uses permitted by this Declaration and other Condominium Documents.

6. Association Membership and Voting Rights.

Appurtenant to each Unit shall be membership in Manchester Condominiums II Owners Association and one (1) vote in the affairs of the Association and of the Regime; provided, however, that the exercise of such voting and membership rights shall be subject to the applicable provisions of the Articles and Bylaws of the Association and of the other condominium documents. The action of such Association shall be deemed the action of the Owners; and such action, when taken in accordance with the Bylaws of the Association and this Declaration shall be final and conclusive upon all Unit Owners.

7. Cross-Easements.

Appurtenant to each Unit shall be easements from each Unit Owner to each other Unit Owner and to the Association, and from the Association to the respective Unit Owners as follows:

(a) For ingress and egress through the common areas and for maintenance, repair, and replacement as authorized;

(b) Through the Units and common facilities for maintenance, repair and replacement or reconstruction of Common Elements, but access to Units shall be only during reasonable hours except in case of emergency;

(c) Every portion of a Unit contributing to the support of a Building is burdened with an easement of such support for the benefit of all such other Units;

(d) Through the Units and common areas for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility or other services to the other Units in the common areas.

ARTICLE IV.

GENERAL COMMON ELEMENTS

1. Definition.

General Common Elements shall include all portions of the Project (land and improvements thereon) not included within any Unit except such portions of the Project which are defined as Limited Common Elements in the following Article. The General Common Elements also include, but are not limited to, the following:

(a) The land on which the Buildings are erected.

(b) The foundations, floors, exterior walls of each Unit and of the Buildings, ceilings and roofs, and entrances and exits or communication ways, and in general all devices or installations existing for common use, except as limited in the next Article.

(c) Installations for public utilities, including electric, cable TV, gas and water for common use.

(d) Front, side, and rear yards; plantings, walks, drives and open parking spaces, except as otherwise provided or stipulated.

(e) Manchester Lane as shown and designated on the exhibits showing the location of all improvements in each phase of the condominium regime.

ARTICLE V.

LIMITED COMMON ELEMENTS

1. Definition.

The term "Limited Common Elements" shall mean, and such elements shall consist of, those Common Elements which are reserved for the use of one Unit by this Article and amendments hereto and such reservation shall be to the exclusion of any other Unit.

2. Reservation.

The following Common Elements are reserved and shall constitute the Limited Common Elements:

(a) All exterior walls of a building, all walls and partitions separating Units from other Units, interior load bearing walls and all other elements which are structural to a Unit are reserved for that Unit (or Units where partitions separate two Units contained in a building).

(b) Mailboxes and storage areas, if any, designated to a particular Unit.

(c) That part of all sewer, water, electrical, gas, telephone and other utility or service lines, wiring, ducts, conduits, piping, facilities, systems, fixtures and attachments serving just one Unit and located entirely within the Unit. The lawn sprinkler system shall be appurtenant to Units located in Buildings 1 through 6.

(d) The air conditioner pads, compressors and equipment appurtenant to each Unit.

(e) The entryways, walks and driveways immediately appurtenant to each Unit.

(f) Any deck, balcony or patio adjacent to an individual Unit.

3. Exception.

Notwithstanding the reservations made by this Article, the design of the Buildings, grounds to be submitted and the integrity and appearance of the Regime as a whole are the common interests of all Owners and, as such, shall remain a part of the General Common Elements.

4. Right of Association.

The reservation of the Limited Common Elements herein shall not limit any right the Association and its agents may otherwise have to alter such Limited Common Elements or enter upon such Limited Common Elements.

ARTICLE VI.

DECLARANT'S RESERVED RIGHTS AND POWERS

1. Declarant's Activities.

Declarant is irrevocably and perpetually empowered, notwithstanding any use, restriction or other provisions hereof to the contrary, to sell, lease or rent Units to any person and shall have the right to transact on the Condominium property any business relating to construction, repair, remodeling, sale, lease or rental of Units, including but not limited to, the right to maintain signs, employees, independent contractors and equipment and materials on the premises, and to use Common Elements (General and Limited) to show Units. All signs and all items and equipment pertaining to sales or rentals or construction and any Unit furnished by the Declarant for sale purposes shall not be considered Common Elements and shall remain their separate property. Declarant retains the right to be and remain the Owner of completed but unsold Units under the same terms and conditions as other Owners, including membership in the Association save for its right to sell, rent or lease.

2. Easements.

Declarant expressly reserves perpetual easements for ingress, egress and utility purposes as may be required across and under the land submitted hereby.

3. Designation of Association Directors.

Declarant shall have the right to name all members of the Board of Directors of Manchester Condominiums II Owners Association until the earlier of three (3) years after the first unit in the condominium regime has been conveyed to unit purchasers or four (4) months after seventy-five percent (75%) of the units in the condominium regime have been conveyed to unit purchasers, or until the Declarant waives this right, at which time members of the Association shall select the Board of Directors as provided by the Bylaws. Thereafter, the Board of Directors shall be selected in the manner specified by the Bylaws of the Association.

4. Declarant's Right to Amend.

The Declarant reserves the following rights to amend the Declaration without the consent of any Unit Owner for the following purposes and in the following manner:

(a) As each phase of the Condominium Development as described in Article II is ready for construction, Declarant shall amend the Declaration by filing the appropriate Exhibit to set forth the precise location of each Building within said phase as well as the location of each Unit therein and the Plans and Specifications for said Buildings and the improvements therein, plus the specific location of the streets and other common improvements.

(b) As each Building is completed, the Declarant shall file an amendment consisting of the Engineer's Certificate indicating that said Building has been completed and constructed according to the Plans and Specifications which are a part of this Declaration and the documents filed in support thereof with the office of the Recorder of Johnson County, Iowa.

(c) The amendment to this Declaration as provided in this Article VI, paragraph 4, subparagraphs (a) and (b) will be made at any time prior to the original sale of the affected Unit and may be made without consent of other Unit Owners.

ARTICLE VII.

MANAGEMENT OF THE REGIME

1. Association; Council of Co-owners.

The operation of the Condominium shall be by a nonprofit membership corporation organized and existing under Chapter 504A, Code of Iowa. The name of the Association shall be "Manchester Condominiums II Owners Association". Copies of its Articles of Incorporation and of it Bylaws are attached hereto as Exhibit "A" and Exhibit

"B", respectively. Whenever a vote or other action of Unit Owners as a group is required the mechanics of conducting such a vote or taking such action shall be under the control and supervision of the Association. The action of the Association shall constitute the action of the Owners or the Council of Co-owners whenever such action is permitted or required herein or by Chapter 499B of the Code of Iowa.

2. Compliance.

All owners, tenants, families, guests and other persons using or occupying the Regime shall be bound by and strictly comply with the provisions of the Bylaws of the Association and applicable provisions of other Condominium Documents, and all agreements, regulations and determinations lawfully made by the Association and its directors, officers or agents shall be binding on all such Owners and other persons. A failure to comply with the Bylaws or the provisions of the other Condominium Documents or any agreement or determination thus lawfully made shall be grounds for an action to recover sums due for damages on the part of the Association or any Owners, as applicable, or injunctive relief without waiving either remedy.

3. Powers of Association.

Each Owner agrees that the Association has and shall exercise all powers, rights and authority granted unto it, the Council of Co-owners, and the Owners as a group by Chapters 504A and 499B of the 2001 Code of Iowa as amended, and such as are more particularly set forth in the Condominium Documents, including but not limited to the making of assessments chargeable to Owners and the creation of a lien on Units thereof, and to acquire a Unit at foreclosure sale and to hold, lease, mortgage or convey the same. Each Owner hereby waives any rights to delay or prevent such foreclosure by the Association which he or she may have by reason of a homestead exemption. However, no Unit shall be assessed until construction of the Unit has been completed and an occupancy permit for the Unit issued by the City of Iowa City, Iowa.

4. Partition.

All Unit Owners shall be deemed to have waived all rights of partition, if any, in connection with such acquisition.

5. Membership, Voting Rights.

The members of the Association shall consist of all of the record Owners of Units. After receiving the approval of the Association elsewhere required, change of membership in the Association shall be established by recording in the public records of Johnson County, Iowa, a deed or other instrument establishing a record title to a Unit in the Condominium and the membership of the prior Owner shall be thereby terminated. The members of the Association shall be entitled to cast One (1) vote for each Unit owned by such member.

6. Restraint upon Assignment.

The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his or her Unit.

7. Board of Directors.

The affairs of the Association shall be conducted by a Board of three (3) Directors who shall be designated in the manner provided in the Bylaws.

8. Discharge of Liability.

All Owners shall promptly discharge any lien which may hereafter be filed against his or her Condominium.

9. Limitation on Association's Liability.

The Association shall not be liable for any injury or damage to property caused by or on the Common Elements or by another Owner or person in the Project or by any other means unless caused by the gross negligence of the Association. No diminution or abatement of common expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements of the Common Elements or from any action taken to comply with any law, ordinance or orders of a governmental authority.

10. Indemnification of Directors and Officers.

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a director or officer of the Association, or any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

11. Agent to Receive Service of Process.

The following person, who is a resident of the State of Iowa, is designated to receive service of process upon the Association:

NAME	ADDRESS
Julie Hahn	1476 South 1st Avenue Iowa City, IA 52240

ARTICLE VIII.

MAINTENANCE, ALTERATION AND IMPROVEMENT

1. Definitions.

Certain terms used in this Article shall have a meaning as follows, provided any dispute over meanings shall be conclusively decided by the Board of Directors of the Association:

(a) "Maintenance" or "repair" shall mean the act of maintaining, restoration, renovation, reconstruction, replacement, rebuilding and similar work necessary to preserve a Unit or the property in its original condition as completed.

(b) "Improvement" shall mean the addition of a new structure, element or facility, other than a structure, element or facility otherwise provided for by this Declaration or any Supplementary Declaration.

2. Maintenance by Association.

(a) The Association shall maintain all Common Elements, whether Limited or General, and shall make assessments therefor as a common expense except where maintenance has been specifically made the responsibility of each Unit.

(b) The Association shall repair incidental damage caused to a Unit through maintenance by the Association and shall assess the cost thereof as a common expense.

(c) If a Unit Owner defaults on his or her responsibilities of maintenance, the Association shall assume such responsibilities and shall assess the cost thereof against the Unit of such Owner and such assessment shall be collectible as if it were an assessment for common expenses.

(d) The Association may, in its discretion, assume responsibility for any maintenance project which requires reconstruction, repair, rebuilding, conservation, restoration or similar work to more than one Unit and the cost thereof may be in the discretion of the Association either assessed against each

Unit on which such costs were incurred or assessed against all Units as a common expense according to the circumstances.

3. Maintenance by Owner.

(a) Each Unit Owner at his or her own expense shall maintain the interior, including the boundary surfaces, of such Unit and its equipment, shall keep such interior in a clean and sanitary condition, shall do all redecorating, painting and other finishing which may at any time be necessary to maintain his or her Unit, and shall be responsible for the maintenance of all personalty including carpets, furnishings, and appliances within such Unit.

(b) The Owner of each Unit shall be responsible for maintaining the plumbing fixtures within the Unit and heating and air conditioning Unit serving such Unit and all other utilities or portions thereof located within the boundaries of his or her Unit. The Owner shall also, at his or her own expense, keep his or her Unit in a clean and sanitary condition.

(c) The Unit Owner shall maintain, at his or her expense, any improvement or other alteration made by him or her.

(d) The Owner of each Unit shall promptly report to the Association any defects or other maintenance needs which are the responsibility of the Association.

4. Alterations or Improvements by Owner.

No Unit Owner shall make or permit to be made any structural alteration to a Unit or to a Building without first obtaining written consent of the Board of Directors of the Association (which consent may be given by a general rule or regulation) which shall determine the proper insurance of such improvement or other alteration, and the effect of such improvement or alteration on insurance of other property of the Regime. The Board of Directors of the Association shall arrange with such Unit Owner for the payment of the cost of any additional insurance thereby required. Alterations to the exterior of any Building or Common Element shall not be made if, in the opinion of the Board of Directors of the Association, such alteration would be detrimental to the integrity or appearance of the Regime as a whole. Such Owner shall do no act or work which will impair the structural soundness or integrity of the Building or safety of the property or impair any easement. The improvement or alteration of a Unit shall cause no increase or decrease in the number of ownership interests appurtenant to such Unit.

5. Alterations or Improvements by the Association.

Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements, the Board of Directors shall proceed

with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a common charge.

ARTICLE IX.

CONDITIONS OF AND RESTRICTIONS ON OWNERSHIP, USE, AND ENJOYMENT

1. Property Subject to Certain Provisions.

The ownership, use, occupation, and enjoyment of each Unit and of the Common Elements of the Regime shall be subject to the provisions of the Bylaws and the Articles of Incorporation of the Association, and this Declaration, all of which provisions irrespective of where set forth or classified shall have equal status and shall be enforceable and binding as a covenant, condition, restriction, or requirement running with the land and shall be binding on and enforceable against each and all Units and the Owners thereof and their respective assigns, lessees, tenants, occupants and successors in interest.

2. Use of Property.

The use of the property shall be in accordance with and subject to the following provisions:

(a) A Unit shall be used or occupied for living or dwelling purposes only.

(b) A Condominium may be rented or leased by the Owner or his or her lessee, provided the entire Unit is rented. No lease shall relieve the Owner as against the Association and other Owners from any responsibility or liability imposed by the Condominium Documents.

(c) Nothing shall be altered in, constructed in, or removed from, the Common Elements, Limited or General, except upon written consent of the Board of Directors of the Association, which may be given through regulations of the Association, and further provided that any holder of a first mortgage which acquires possession of a Unit by foreclosure or by deed in lieu of foreclosure shall have the right to post signs for the sale or rental of such Unit until such Unit is sold or a lease is entered into.

(d) No activity shall be allowed which unduly interferes with the peaceful possession and use of the property by the Unit Owners nor shall any fire hazard or unsightly accumulation of refuse be allowed.

(e) No Unit Owner, guest or invitee thereof shall block vehicular access to each Unit's garage or drive appurtenant to said garage. No Unit Owner shall be allowed to install additional parking slabs on any part of the property. Each Unit Owner's guests or invitees will park their own vehicles only on the Unit Owner's drive or on the parking spaces provided on Manchester Lane doing the same in such a manner as to not violate the provisions of this subparagraph. No vehicles may be permanently parked on Manchester Lane. Vehicles parked on Manchester Lane must be moved at least once every 24 hours. Parking of vehicles shall only be allowed in garages, on drives appurtenant to said garages and on Manchester Lane as provided herein.

(f) Nothing shall be done or kept in any Unit or in the common area which will increase the rate of insurance on the common area, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his or her Unit or in the common area which will result in the cancellation of insurance on any Unit or any part of the common area, or which would be in violation of any law.

(g) The Association shall have the authority to adopt rules and regulations governing the use of the property and such rules shall be observed and obeyed by the Owners, their guests and invitees.

(h) Agents of or contractors hired by the Association may enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible, provided such entry shall be made with as little inconvenience to the Owners as practicable.

(i) A Unit Owner shall give notice to the Association of every lien against his or her Unit other than permitted mortgages, taxes, and Association assessments, and of any suit or other proceeding which may affect the title to his or her Unit, within ten (10) days after the lien attaches or the Owner receives notice of such suit.

(j) A Unit Owner shall be liable to the Association for the expense of any maintenance, repair, or replacement rendered necessary by his or her act, neglect, or carelessness, or by that of his or her family, guests, employees, agents or lessees, which liability shall include any increase in insurance rates resulting therefrom.

(k) No Unit Owner shall be permitted to erect a radio or TV antenna or any other fixture, item, wiring or appurtenance. A Unit Owner may attach a TV satellite dish no larger than 18 inches in diameter to the Unit but the location on the

Unit where the dish is to be attached must be approved in writing by the Board of Directors of the Association prior to installation.

(l) No Unit shall house a pet except upon written approval of the Board of Directors of the Association set forth in Exhibit "C", paragraph 8 of this Declaration. Any person within the regime keeping a pet shall immediately clean and remove any messes created or caused by said pet. Further, no unleashed pets whatsoever shall be allowed upon the Limited or General Common Elements. No pets shall be housed outside on Common Elements.

3. No Waiver.

Failure of the Association or any Owner to enforce any covenant, condition, restriction or other provision of Chapter 499B of the Code of Iowa, this Declaration, the Articles of Incorporation or Bylaws of the Association, or the rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to enforce the same thereafter.

ARTICLE X.

INSURANCE AND CASUALTY

1. General Liability and Property Damage.

Comprehensive general liability and property damage insurance shall be purchased by the Board as promptly as possible following its election, and shall be maintained in force at all times, the premiums thereon to be paid by assessments. Prior to the organizational meeting, such insurance shall be procured by Declarant. The insurance shall be carried with reputable companies authorized to do business in the State of Iowa in such amounts as the Board may determine. The policy or policies shall name as insured all the Owners and the Association. Declarant shall be named an additional insured on such policy or policies until such time as Declarant shall have conveyed all of the Condominium Units in the Project. The policy or policies shall insure against loss arising from perils in both the common areas and the Units and shall include contractual liability coverage to protect against such liabilities as may arise under the contractual exposures of the Association, and/or the Board.

2. Fire and Casualty.

Fire and other hazard insurance shall be purchased by the Board as promptly as possible following its election and shall thereafter be maintained in force at all times, the premiums thereon to be paid out of Association assessments. Policies shall provide for the issuance of certificates or such endorsement evidencing the insurance as may be required by the respective mortgagees. The policy, and certificates so issued, will bear a mortgage clause naming the mortgagees interested in said property. The policy or policies shall insure against loss from perils therein covered to all of the improvements in the Project, except as may be separately insured. Such policy or policies shall contain extended coverage, vandalism, and malicious mischief endorsements. The improvements to be insured under this clause shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policies or policies shall name as insured all of the Owners, the Association and Declarant, so long as Declarant is the Owner of any of the Units in the Project. The Declarant shall notify the insurance carrier of any change in ownership of a Unit until such time as the organizational meeting of the Unit Owners is held, at which time it shall be the responsibility of the Association to notify the insurance carrier of a change in the ownership of any Unit. The policy or policies shall also cover personal property owned in common, and shall further contain waiver of subrogation rights by the carrier as to negligent owners.

3. Fire and Casualty on Individual Units.

Except as expressly provided in this clause and in paragraph 4 of this Article X, no Owner shall separately insure his or her Condominium or any part thereof against loss by fire or other casualty covered by the insurance carrier under paragraph 2 of this Article X. Should any Owner violate this provision, any diminution in insurance proceeds resulting from the existence of such other insurance, shall be chargeable to the Owner who acquired such other insurance, who shall be liable to the Association to the extent of any such diminution and/or loss of proceeds.

4. Personal Liability on Individual Units.

An Owner may carry such personal liability insurance, in addition to that herein required, as he or she may desire. In addition, such fixtures and mechanical equipment located within a Unit such as plumbing fixtures, electrical lighting fixtures, kitchen and bathroom cabinets and counter tops, air-conditioning and water heater together with additions thereto and replacements thereof, as well as the personal property of the Unit Owner, may be separately insured by such Owner, such insurance to be limited to the type and nature of coverage often referred to as "Condominium Unit-Owners Insurance". All such insurance separately carried shall contain waiver of subrogation rights by the carrier as to negligent Owners.

5. Additional Coverage.

The Board may purchase and maintain in force, at the expense of the maintenance fund, debris removal insurance, fidelity bonds, and other insurance and/or bonds that it deems necessary. The Board shall purchase and maintain workmen's compensation insurance to the extent that the same shall be required by law respecting employees of the Association. The Board may also maintain "all risk" insurance coverage on the Project to insure against water damage and like kind of casualties.

6. Loss Adjustment.

The Board is hereby appointed the attorney-in-fact for all Owners to negotiate loss adjustment on the policy or policies carried by the Association.

7. Association as Trustee for Proceeds.

In the event of damage or destruction by fire or other casualty affecting a Unit or Units, and/or if any portion of the common area is damaged or destroyed by fire or other casualty, all insurance proceeds paid in satisfaction of claims for said loss or losses shall be segregated according to losses suffered by each Unit or Units and/or the common area, and shall be paid to the Association as trustee for the Owner or Owners and for the encumbrancer or encumbrancers, as their interest may appear. Said insurance proceeds, and the proceeds of any special assessment as hereinafter provided, whether or not subject to liens of mortgages or deeds of trust, shall be collected and disbursed by said trustee through a separate trust account on the following terms and conditions:

(a) Partial Destruction of Common Elements.

If the damaged improvement is a Common Element, the Board of Directors of the Association may without further authorization contract to repair or rebuild the damaged portion of the Common Element substantially in accordance with the original plans and specifications thereof.

(b) Partial Destruction of Units and Common Elements.

In the event of damage to, or destruction of, any Unit or Units with accompanying damage to the Common Elements but the total destruction or damage does not represent sixty percent (60%) or more of the Building and the cost of repairing or rebuilding said damaged area does not exceed the amount of available insurance proceeds for said loss by more than $15,000.00, the Board of Directors of the Association shall immediately contract to repair or rebuild the damaged portion of the Unit or Units and the Common Elements substantially in accordance with the original plans and specifications. If the cost to repair or rebuild exceeds available insurance by $15,000.00, the Owners of the individual Units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a duly constituted Owners' meeting held within thirty (30)

days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction.

(c) Total Destruction.

In the event of sixty percent (60%) or more damage to, or destruction of, the Building by fire or other casualty, the Owners of the individual Units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a duly constituted Owners' meeting held within thirty (30) days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction, or whether said Project shall be sold; provided, however, that such determination shall be subject to the express written approval of all record owners of mortgages upon any part of the Regime.

In the event of a determination to rebuild or repair, the Board shall have prepared the necessary plans, specifications and maps and shall execute the necessary documents to effect such reconstruction or repair as promptly as practicable and in a lawful and workmanlike manner.

In the event of a determination not to rebuild, the Board shall offer the Project for sale forthwith, at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed, the net proceeds of such sale, and the proceeds, if any, of insurance carried by the Association, and/or by the Owners as a whole on the Project, including coverage on the Units and the common area, except for Unit coverages under paragraph 4 of this ARTICLE X, shall be distributed proportionately to the Unit Owners in the same proportion that the Unit in which they have an interest shares in the Common Elements, except that where there is a mortgage of record or other valid encumbrance on any one Unit then, and in that event, with respect to said Unit the Association will distribute said proceeds which would otherwise have been distributable to such Unit Owner as follows: first to the record owner of mortgages upon Units and Common Elements in the Regime in satisfaction of the balance currently due on said encumbrances and then the remaining proceeds, if any, to the Unit Owner of record.

(d) In the event that the common area is repaired or reconstructed pursuant to the provisions of (a), (b), or (c) of this clause and there is any deficiency between the insurance proceeds paid for the damage to the common area and the contract price for repairing or rebuilding the common area, the Board shall levy a special assessment against each Owner in proportion to his or her percentage of ownership in the common area to make up such deficiency. If any Owner shall fail to pay said special assessment or assessments, within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance

fund, and the remaining Owners shall be entitled to the same remedies as those provided in ARTICLE VIII of this Declaration, covering a default of any Owner in the payment of maintenance charges.

(e) In the event of a dispute among the Owners and/or mortgagees respecting the provisions of this clause, any such party may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association.

In the event of arbitration, the party requesting the arbitration will give immediate notice thereof to the Board, which shall notify all other Owners and mortgagees as promptly as possible after the reference to arbitration is made, giving all such parties an opportunity to appear at such arbitration proceedings. The decision of the arbitrator in this matter shall be final and conclusive upon all of the parties. The arbitrator may include in his or her determination an award for costs and/or attorney fees against any one or more parties to the arbitration.

8. Abatement of Common Expenses.

The Board is authorized to provide coverage for payment of maintenance charges which are abated hereunder on behalf of an Owner whose Unit is rendered uninhabitable for a peril insured against.

9. Review of Insurance Needs.

Insurance coverages will be analyzed by the Board, or its representative, at least every year from the date hereof and the insurance program revised accordingly.

ARTICLE XI.

MORTGAGEE PROTECTIONS

1. Right to Mortgage.

Each Unit Owner shall have 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 shall have 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.

2. Lien Subordination.

The lien for common expenses payable by a Unit Owner shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit

Owner. This paragraph shall not be amended, changed, modified, or rescinded without the prior written consent of all mortgagees of record holding a lien against all or a part of the Project.

3. Mortgagee's Rights.

Upon written request, any mortgagee, or insurer or guarantor of any first mortgage will be entitled to:

(a) Inspect the books and records of the Association during normal business hours;

(b) Receive a financial statement of the Association within ninety (90) days following the end of any fiscal year of the Project; and

(c) Receive written notice of all meetings of the Association and designate a representative to attend all such meetings.

4. 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. Any proceeds from settlement shall be payable to the Owners' Association, for the benefit of the Unit Owners and their mortgage holders as more specifically set forth in Article X.

5. 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 thought 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 provisions of this Declaration or any other document establishing the Project shall 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. Any proceeds from settlement shall be payable to the Owners' Association, for the benefit of the Unit Owners and their mortgage holders.

6. No Right 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.

7. 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 reallocation of such assessments or charges to all Units including the mortgaged Unit.

8. Notice to Mortgagee.

The holder of a first mortgage shall be 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 Bylaws, or the Rules and Regulations of the Association, which default is not cured by the Unit Owner within thirty (30) days; notice of lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

ARTICLE XII.

CONDEMNATION

1. Condemnation; General.

If all or part of the Project is taken or threatened to be taken by condemnation, the Board shall act on behalf of the Association, to represent the Unit Owners in any proceedings, negotiations, settlements, or agreements. Each Unit Owner hereby appoints the Association as attorney-in-fact for this purpose. The expense of participation in such proceedings by the Board shall be 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 shall be deposited with the Board, acting as trustee, and such damages or awards shall be applied or paid as provided herein.

2. Condemnation of Common Elements.

If any action is brought to condemn a portion of the Common Elements, the Board shall have 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 shall 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.

3. 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, shall be paid to the Association, for the benefit of the Unit Owners and their mortgage holders. Any awards shall be applied first to the payment of any taxes or assessments by governmental authority past due and unpaid with respect to that Unit; secondly, to amounts due under any mortgages; thirdly, to the payment of any unpaid common expenses or special assessments charged to or made against the Unit; and finally to the Unit Owner.

ARTICLE XIII.

TERMINATION

1. Procedure.

The Condominium may be terminated in the following manner, in addition to the manner provided by the Horizontal Property Act:

(a) Destruction.

In the event it is determined in the manner elsewhere provided that the Building shall not be reconstructed because of major damage, the Condominium plan of ownership will be thereby terminated in compliance to the provisions of Section 499B.8 of the Code of Iowa (2001).

(b) Agreement.

The Condominium may be terminated at any time by the approval in writing of all of the Owners of the Condominium and by holders of all liens affecting any of the Units by filing an instrument to that effect, duly recorded, as provided in Section 499B.8 of the Code of Iowa (2001). It shall be the duty of every Unit Owner and his or her respective lien holder to execute and deliver such instrument and to perform all acts as in a manner and form as may be necessary to effect the sale of the Project when at a meeting duly convened of the Association, the Owners of 100% of the voting power, and all record owners of mortgages upon Units in the Regime, elect to terminate and/or sell the Project.

(c) Certificate.

The termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by all members of the Association and their respective holders of all liens affecting their interest in the Condominium, certifying as to facts effecting the termination, which

certificate shall become effective upon being recorded in the office of the Johnson County Recorder in Iowa City, Iowa.

2. Form of Ownership after Termination.

After termination of the Condominium, the Project will be held as follows:

(a) The property (land and improvements) shall be deemed to be owned in common by the Owners.

(b) The undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such Owner in the common area and facilities.

(c) Any liens affecting any of the Condominiums shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owner in that property.

(d) After termination, the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided among all the Owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Common Elements; after first paying out of the respective shares of the Owners, to the extent sufficient for that purpose, all liens on the undivided interest in the property owned by each Owner.

ARTICLE XIV.

AMENDMENTS AND MISCELLANEOUS

1. Procedure.

Except as otherwise provided in this Declaration and except as provided in Paragraph 3 of this Article XIV, this Declaration may be amended and such amendment shall be made in the following manner:

(a) Notice.

Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered. Holders of a first mortgage of record shall receive notice of such proposed amendment as provided in the Bylaws of the Association.

(b) Resolution.

A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by any member of the Association. Except as provided elsewhere, the resolution must be adopted by a vote of at least sixty-seven percent (67%) of the Unit Owners and fifty-one percent (51%) of the then outstanding or unreleased mortgages secured by units; provided, however, no amendment effecting a substantial change in this Declaration or the Bylaws of the Association shall affect the rights of the holder of any such mortgage recorded prior to recordation of such amendment who does not join in the execution thereof and who does not approve said amendment in writing.

(c) Bylaws.

In the case of an amendment to this Declaration by reason of an amendment to the Bylaws of the Association, then in the manner specified in such Bylaws.

(d) Execution and Recording.

An amendment adopted pursuant to (b) or (c) above shall be executed by an officer specifically delegated to do so with the formalities required by Chapter 499B of the Code of Iowa. Upon the recordation of such instrument in the office of the Johnson County Recorder, the same shall be effective against any persons owning an interest in a Unit or the Regime.

2. Amendment of Ownership Interest.

No amendment shall change the percentage of ownership in the Common Elements appurtenant to a Unit, nor increase the Owner's share of the common expenses unless the record Owner of the Unit concerned and all record owners of mortgages thereon shall affirmatively join in the adopting of such amendment.

3. Engineer's Affidavit and Site Plan.

Amendments to the Engineer's Affidavit or Site Plan for the purpose of showing and incorporating those Buildings and Units of the Regime whose construction is completed subsequent to the filing of this Declaration may unilaterally be made, executed and filed by the Declarant, its successor in interest or assigns.

IN WITNESS WHEREOF, Declarants have executed this Declaration the day and year first above written.

ARLINGTON DEVELOPMENT, INC.

By: _____
Gary D. Watts, President

By: _____
John Moreland, Jr., Secretary

STATE OF IOWA
SS:
JOHNSON COUNTY

On this 28th day of February, 2002, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Gary D. Watts and John Moreland, Jr., to me personally known, who being by me duly sworn, did say that they are the President and Secretary, respectively, of the corporation executing the within and foregoing instrument, that no seal has been procured by the corporation; that said instrument was signed on behalf of the corporation by authority of its Board of Directors; and that the said Gary D. Watts and John Moreland, Jr. as officers acknowledged the execution of the foregoing instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

_____
Notary Public in and for the State of Iowa

MICHAEL D VANDYKE
Notarial Seal - Iowa
Commission # 708991
My Commission Expires Mar 26, 004

EXHIBIT "A"
-1-

ARTICLES OF INCORPORATION

OF

MANCHESTER CONDOMINIUMS II OWNERS ASSOCIATION

The undersigned, acting as incorporator of a corporation pursuant to the provisions of the Iowa Nonprofit Corporation Act under Chapter 504A of the 2001 Code of Iowa, as amended, adopts the following Articles of Incorporation for such corporation:

ARTICLE I.

NAME AND PRINCIPAL OFFICE

The corporation shall be known as Manchester Condominiums II Owners Association, and its principal offices shall be located in Iowa City, Johnson County, Iowa.

ARTICLE II.

CORPORATE EXISTENCE

The corporate existence of this corporation shall begin upon the date these Articles are filed with the Secretary of State, and the period of its duration is perpetual.

ARTICLE III.

PURPOSES AND POWERS

(A) The purpose and objective of the corporation is to provide an entity to conduct the business and affairs of, and to act as or for, the co-owners of that certain Horizontal Property Regime (Condominium) created and submitted pursuant to the provisions of Chapter 499B of the 2001 Code of Iowa, as amended, known as Manchester Condominiums II, and to be located on certain portion of real estate situated in Iowa City, Johnson County, Iowa.

The corporation shall have all powers and purposes granted or implied to a council of co-owners under the provisions of Chapter 499B of the Declaration of Condominium establishing said Condominium Regime, and all of such powers shall likewise constitute lawful purposes of the corporation.

(B) The purposes of the corporation are exclusively not for private profit or gain and no part of its activities shall consist of carrying on political propaganda or otherwise attempting to influence legislation, and the corporation shall make no distribution of income to its members, directors or officers.

(C) The corporation shall, additionally, have unlimited power to engage in, and to do any lawful act concerning any or all lawful business for which corporations may be organized under the Iowa Nonprofit Corporation Act.

ARTICLE IV.

REGISTERED OFFICE AND AGENT

The address of the initial registered office of the corporation is 1476 South 1st Avenue, Iowa City, IA 52240, and the name of its initial registered agent at such address is Julie Hahn.

ARTICLE V.

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors of the corporation is one (1), and the name and address of the person who is to serve as the initial director is:

Name and Address	
Gary D. Watts	2346 Mormon Trek Blvd. Iowa City, IA 52246

EXHIBIT "A"
-3-

The initial Board of Directors shall be subject to removal only by Gary D. Watts until his term is expired as provided in the Bylaws, but thereafter a director may be removed from office at a special meeting of the members of the corporation in such manner as may be provided by the Bylaws.

ARTICLE VI.

BYLAWS

The initial Bylaws of the corporation shall be adopted by its initial Board of Directors, but the power to thereafter alter, amend, or repeal the same or adopt new Bylaws is reserved to the members of the corporation.

ARTICLE VII.

MEMBERS AND VOTING

Persons or entities owning Condominium Units submitted to the Regime shall be the members of the corporation, all of which and the rights and obligations thereof shall be governed by the provisions of the Bylaws. The voting rights of the members shall be fixed, limited, enlarged, or denied to the extent specified in the Bylaws.

ARTICLE VIII.

DISTRIBUTION OF ASSETS UPON LIQUIDATION

In the event of liquidation, assets, if any remain, shall be distributed to the members in accordance to their proportionate share of ownership in the Condominium Regime, as determined by the Declaration of Condominium and the Bylaws.

EXHIBIT "A"
-4-

ARTICLE IX.

AMENDMENT

Any purported amendment to these Articles of Incorporation in conflict with or contrary to the provisions of the Declaration of Condominium, including supplements and amendments thereto which submit lands and Units to the Regime, shall be void and of no force and effect.

ARTICLE X.

INCORPORATOR

The name and address of the incorporator is:

Douglas D. Ruppert — 122 South Linn Street, Iowa City, Iowa 52240

DOUGLAS D. RUPPERT

INCORPORATOR

STATE OF IOWA
SS:
COUNTY OF JOHNSON

On this 28th day of March, 2002, before me, the undersigned, a Notary Public in and for said County, in said State, personally appeared Douglas D. Ruppert, to me known to be the identical person named in and who executed the foregoing Declaration; and acknowledged that he executed the same as his voluntary act and deed.

Notary Public in and for the State of Iowa

LEANNE M. SCHWARTING
Commission Number 224873
My Commission Expires
10-4-02

EXHIBIT "B"
-1-

BYLAWS

OF

MANCHESTER CONDOMINIUMS II OWNERS ASSOCIATION

These are the Bylaws of Manchester Condominiums II Owners Association (hereinafter referred to as "ASSOCIATION"), a corporation organized pursuant to Chapter 504A of the 2001 Code of Iowa, as amended, for the purpose of administering Manchester Condominiums II, a Horizontal Property Regime (Condominium) established pursuant to Chapter 499B of the 2001 Code of Iowa, as amended, located on certain portions of the following land in the City of Iowa City, Johnson County, Iowa;

> A portion of Lot 258, Windsor Ridge - Part Fifteen to Iowa City, Iowa, as recorded in Plat Book 41, at Page 212, Plat Records of Johnson County, Iowa, the boundaries of which are described as follows:
>
> BEGINNING AT THE NORTHEAST CORNER OF LOT 258, WINDSOR RIDGE PART FIFTEEN, TO IOWA CITY, IOWA IN ACCORDANCE WITH THE PLAT RECORDED IN BOOK 41, AT PAGE 212, OF THE RECORDS OF THE JOHNSON COUNTY RECORDER'S OFFICE; THENCE SOUTHWESTERLY 24.62 FEET ALONG AN ARC OF A 120.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY, WHOSE 24.58 FOOT CHORD BEARS S19°22'17"W; THENCE S25°14'57"W, 318.58 FEET; THENCE SOUTHWESTERLY 111.01 FEET, ALONG AN ARC OF A 455.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY, WHOSE 110.74 FOOT CHORD BEARS S18°15'35"W; THENCE N78°43'47"W, 325.93 FEET; THENCE N25°14'57"E, 531.68 FEET; THENCE S64°45'03"E, 300.29 FEET, TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 3.45 ACRES, AND IS SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

EXHIBIT "B"
-2-

I. MEMBERS AND VOTING RIGHTS

1. The Owners of each Condominium Unit shall constitute the members of the corporation and membership shall automatically cease upon termination of all interests which constitute a person as an Owner. Declarant shall be and have the rights of members with respect to unsold Units. Whenever only one spouse is a record titleholder, the other spouse shall be considered an Owner for the purpose of membership, and shall be bound by the provisions of all Condominium Documents including that provision in relation to the Homestead exemption contained in Article VII of the Declaration.

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

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

4. The Owner of each Unit shall be entitled to one vote on all matters to be determined by the members of the Association either as Owners or as Units or as contemplated by Chapter 499B of the 2001 Code of Iowa, as amended, pursuant to the Declaration, including any supplements or amendments thereto, submitting the property to the Regime. Votes of a single Unit may not be divided.

EXHIBIT "B"
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II. MEMBERS' MEETINGS

1. The organizational meeting of the members of the Association to elect successors of the initial Board of Directors shall be held on the earlier of three (3) years after the first unit in the condominium regime has been conveyed to unit purchasers or four (4) months after seventy-five percent (75%) of the units in the condominium regime have been conveyed to unit purchasers. Thereafter, the annual and any special meetings shall be held at a time and at a place within Iowa City, Johnson County, Iowa, chosen by the Board of Directors, and all such meetings, annual or special, shall be held at such particular time and place as is set forth in the notice thereof.

2. A special meeting shall be held whenever called by the President, or, in his or her absence or disability, the Vice President, or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast forty percent (40%) of the votes of the entire membership.

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

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

5. A quorum at a members' meeting shall consist of the presence of members in person or by proxy, representing a majority of the Units. The acts carried or approved by a vote of a majority of the Units represented at a meeting at which a quorum is present shall constitute the acts of the membership unless a different rule is provided herein or by

the Articles of Incorporation, the Declaration or other agreement to which the Association is a party. The President, or, in his or her absence or disability the Vice President, shall preside at each members' meeting; if neither the President nor the Vice President is able to preside, a chairman shall be elected by the members present at such meeting.

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

7. At all meetings, the order of business shall consist of the following:
   (a) Election of Chairman, if required.
   (b) Calling of roll and certification of proxies.
   (c) Proof of notice of meeting or waiver of notice.
   (d) Reading and disposal of any unapproved minutes.
   (e) Reports of officers, if applicable.
   (f) Reports of committees, if applicable.
   (g) Election of Directors, if applicable.
   (h) Unfinished business.
   (i) New Business.
   (j) Adjournment.

III. BOARD OF DIRECTORS

1. The affairs of the Association shall be managed by an initial Board of one (1) Director. The initial Board shall consist of such persons as the Declarant may appoint pursuant to the Declaration and need not be members of the Association. An officer or designated agent of a partnership or corporate member shall qualify to serve as a Director. The initial Board shall serve until the first organizational members' meeting. From and after the first organizational meeting of members, the Board members shall be selected from the members of the Association, except as provided in paragraph 2 below. An officer or designated agent of a partnership or corporate member shall qualify to serve as a Director.

EXHIBIT "B"
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2. At the first organizational members' meeting and at each meeting thereafter three (3) directors shall be elected and the term of office of each director shall extend until the next annual meeting of the members and thereafter until their successors are duly elected and qualified or until removal in the manner as elsewhere provided. However, at the first organizational members meeting and for so long as Declarant owns thirty percent (30%) of the Units at the time such Directors are to be elected, Declarant shall have the right to elect or appoint a majority of the members of the Board, who need not be Unit Owners, and thereafter shall be entitled to elect or appoint at least one (1) member of the Board until all Units have been sold by Declarant. Directors appointed by the Declarant shall have the same voting rights as Directors elected by the members.

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

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

5. The initial Directors shall be subject to removal only by the Declarant. Thereafter, a Director may be removed by concurrence of two thirds (66 2/3%) of the Association at a special meeting called for that purpose. The vacancy on the Board of Directors so created shall be filled by the persons entitled to vote at any annual or special meeting.

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

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

8. A majority of the Board may, by resolution, set the time and place for regular meetings of the Board and no notice thereof shall be required until such resolution is modified or rescinded. Special meetings of the Directors may be called by the President, Vice President, or any two (2) Directors, provided not less than two (2) days' notice shall be given, personally or by mail, telephone, or telegraph, which notice shall state the time, place and purpose of the meeting.

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

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

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

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation, and the documents establishing the Condominium Regime. Such powers and duties of the Directors shall be exercised in accordance with the provisions of the Declaration of Condominium which governs the use of the land, and in addition to those elsewhere provided, shall include but not be limited to the following:

1. The collection of assessments against members for all common expenses.

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

EXHIBIT "B"
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3. The maintenance, repair, replacement, and operation of the Regime property including all common areas, elements, and facilities, and Units as applicable, and the making or providing for payment for all such work and approving or delegating to the officers authority to approve vouchers therefor.

4. The reconstruction, repair, restoration, or re-building of the Regime property and of any Units as applicable after casualty; construction of new improvements or alterations if approved; to make and amend regulations respecting the use and occupancy of the property in the Condominium Regime and to permit or forbid an action or conduct within the discretion committed to them in the Declaration, Bylaws, and Resolutions of the members.

5. The enforcement by legal means of the provisions of the Horizontal Property Act, the Articles of incorporation, Bylaws of the Association, Declaration, and the regulations for the use of the property in the Regime; and to take legal action in the name of the Association and on behalf of its members.

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

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

8. To carry insurance on the property committed to the Regime and insurance for the protection of Unit Owners, and occupants, and the Association.

9. To pay the cost of all power, water, sewer, and other utility or other services rendered to the Regime and not billed directly to the Owners of the individual Units.

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

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

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

V. OFFICERS

1. The officers of the Association shall be the President who shall be a Director, a Vice President who shall be a Director, and a Treasurer and Secretary, which offices shall be filled by one person who need not be either a director or member. All such officers shall be elected annually by the Board of Directors and may be peremptorily removed and replaced by the vote of two-thirds (2/3rds) of the Directors at any meeting. The initial officers and their successors until the first annual meeting shall be chosen by the initial Board of Directors and shall serve until the organizational meeting of the members.

The Board of Directors may from time to time create and fill other offices and designate the powers and duties thereof. Each officer shall have the powers and duties usually vested in such office, and such authority as is committed to the office by the Bylaws or by specific grant from the board, but subject at all times to the provisions of the Bylaws and to the control of the Board of Directors.

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

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

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

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

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

VI. FISCAL MANAGEMENT

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

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

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

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

2. The Board of Directors shall assess against each Unit and the Owners thereof shall be liable for, a share of the items in the budget adopted pursuant to paragraph 1 equal to such Unit's pro rata share of common expenses as set forth in the Declaration. Such share shall be assessed annually in advance for the fiscal year for which the budget was prepared, and notice of such assessments shall be mailed or delivered not less than thirty (30) days prior to the first day of such fiscal year. Such assessment shall be due and payable from the respective Unit Owner or Owners in twelve (12) equal installments, each installment being due and payable the first day of each calendar month,

within such fiscal year. In the event notice of such assessment is not timely given, the amount of such assessment will not change but the due date for each installment which would otherwise be due and payable less than thirty (30) days from the giving of such notice, shall be due and payable on the due date of the first installment which is due after thirty (30) days from the date such notice was mailed or delivered. In the event the annual assessment proves to be insufficient, the budget and assessments, therefore, may be amended at any time by the Board of Directors. Such amended budget may be adopted at a special directors' meeting upon an affirmative unanimous vote of the directors. The additional amount so budgeted shall be assessed to each Unit in the same manner as assessments for the annual budget and shall be prorated among the remaining installments due and payable in such year.

No Unit shall be assessed until construction of the Unit has been completed and an occupancy permit for the Unit issued by the City of Iowa City, Iowa.

3. Assessments for common expenses for emergencies and extraordinary expenditures, which cannot be paid from the annual assessments for common expenses and maintenance funds shall be made only after notice of the need thereof to the Unit Owners.

After such notice and upon approval in writing by persons entitled to cast more than one-half (1/2) of the votes in the Condominium, the assessments shall become effective, and shall be due in such manner as the Board of Directors may require after thirty (30) days' notice thereof. In the event any expenditure for repair or replacement of any Unit or Common Elements cannot be paid from annual assessments but can be at least Ninety percent (90%) paid from insurance proceeds therefor, such expenditures may be made upon approval of the Board of Directors without approval of the members and an amended budget and assessment may be made therefor if necessary.

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

EXHIBIT "B"
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5. The holder of a mortgage on any Unit, upon its filing written request with the Association, shall be given written notice by the Association of the non-performance of a mortgagor's obligations under these Bylaws, the Declaration or other Condominium Documents, which is not cured within thirty (30) days.

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

(a) Tax liens on the Unit in favor of any assessing Unit and special district; and

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

Said lien may be foreclosed by the Association in the manner and with the consequences provided in Section 499B.17 of the Code of Iowa, as amended, in which event the Owner shall be required to pay a reasonable rental for the Unit. In the event the Association forecloses on any lien, the Owner or Owners of such Unit, by their membership in this Association, specifically waive any rights to delay or prevent foreclosure which he, she or they may have against the Association by reason of the Homestead Exemption. The Association may sue for money judgment for unpaid assessments and interest or sums due without foreclosing or waiving any lien which it holds.

7. It a mortgagee or purchaser of a Unit obtains title as a result of foreclosure of a first mortgage, neither such mortgagee nor purchaser nor their successors or assigns, shall be liable for the assessments chargeable to such Unit due prior to the acquisition of title, and such unpaid assessments shall thereafter be deemed to be common expenses collectible from all Unit Owners including the mortgagee or purchaser, and their successors and assigns. The Owner of a Unit pursuant to a voluntary conveyance or by inheritance or devise shall be jointly and severally liable with the grantor or prior Owner for all unpaid assessments against the grantor or prior Owner, but without prejudice to the right of such grantee or devisee to recover from the grantor the amounts paid therefor. The grantee or other successor in interest of an individual subject to a levy of an assessment on account of default shall be liable for any such special assessment.

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

EXHIBIT "B"
-12-

9. An audit of the accounts of the Association may be made annually by a Certified Public Accountant and if such audit is made a copy of the report shall be furnished to each member not later than sixty (60) days after the close of the fiscal year for which the report is made.

VII. AMENDMENT

1. These Bylaws may be amended, altered, repealed or new Bylaws adopted by the members at a regular or special meeting of the members upon the affirmative vote of at least sixty-seven percent (67%) of all votes entitled to be cast; provided, however, no amendment effecting a substantial change in these Bylaws shall affect the rights of the holder of any mortgage recorded prior to recordation of such amendment who does not join in the execution thereof and who does not approve said amendment in writing.

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

3. To the extent provided by Section 499B.14 of the Code of Iowa, as amended, no modification nor amendment to these Bylaws shall be effective unless set forth in an amendment to the Declaration of Condominium, executed and recorded in the manner set forth in the Declaration and an amendment to these Bylaws shall constitute an amendment to the Declaration as provided for by law. Upon such recording, said amendment shall be effective against all persons having an interest in a Unit or the Regime regardless of whether said person had such interest at the time said amendment was adopted.

EXHIBIT "B"
-13-

VIII. MISCELLANEOUS PROVISIONS

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

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

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

4. The Association shall promulgate such Rules and Regulations as it deems to be in the best interest of all Owners within the Regime. The initial Board of Directors shall adopt the initial Rules and Regulations which may be added to, amended, modified or altered by the affirmative vote of the members representing a majority of the Units' votes in the Association. Such Rules and Regulations, as amended, shall be binding upon all members, guests, and agents of members. An amendment to the Rules and Regulations shall not constitute an amendment to the Declaration and shall be valid and enforceable upon adoption without recording the same as an amendment to the Declaration.

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

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

7. The Board of Directors may, in its discretion, issue written evidence of membership, but the same shall be evidence thereof only and in no manner shall be transferable or negotiable, and the share of the member in the assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as appurtenant to such assignment, hypothecation or transfer of the Unit.

8. Each Owner or lessee of his or her Unit, as applicable, shall have a right to use and enjoy the Common Elements provided that such use shall be limited to the uses permitted by the Declaration of Condominium and other governing documents of the Regime.

9. The Association, through its Board of Directors and officers, shall make available to all members during ordinary business hours copies of the Condominium Declaration and all exhibits thereto, including the Articles of Incorporation, Bylaws, Minutes of Special or Annual Meetings of the Association and copies of periodic financial statements of the Association.

IX. DEFINITIONS

Unless the context otherwise requires, the terms used herein shall have the meanings stated in the Horizontal Property Act, and as follows:

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

2. Owner. The term "Owner" for the purposes of these Bylaws shall mean any person who owns or holds for himself or herself an interest in one or more Units subject to the Regime; provided that the holder of a leasehold interest in a Unit shall not be an Owner; and further provided that the holder of an equitable interest shall be an Owner.

3. Unit. The term "Unit" means each Unit subjected to the Regime of one or more rooms intended for use as a residence.

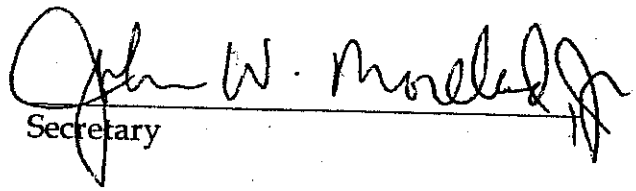
4. Common Expenses. The term "Common Expenses" shall include:

(a) Expenses of administration, expenses of maintenance, operation, repair or replacement of Common Elements, and the portions of Units to be maintained by the Association.

(b) Expenses declared Common Expenses by the Declaration or these Bylaws.

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

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



Secretary

EXHIBIT "C"
-1-

RULES AND REGULATIONS

FOR MANCHESTER CONDOMINIUMS II OWNERS ASSOCIATION

1. Automobiles may be parked only in the areas provided for that purpose, and shall not be parked in such a manner as to impede or prevent ready access to any entrance to or exit from the buildings by another vehicle. Furthermore, no boats, snowmobiles, trailers, recreational vehicles, motor homes, or semitrailer trucks shall be parked or stored anywhere in the parking areas or on the premises of the Condominium Regime known as Manchester Condominiums II.

2. No Unit Owner shall be permitted to erect a radio or TV antenna or any other fixture, item, wiring or appurtenance to the exterior or roof of any building. A Unit Owner may attach a TV satellite dish no larger than 18" in diameter to the Unit but the location on the Unit where the dish is to be attached must be approved in writing by the Board of Directors of the Association prior to installation.

3. Exterior name places and mailboxes will be installed in a manner uniform and consistent with that of the other Units and approved by the Association.

4. Unit Owners are reminded that alteration and repair of the buildings is the responsibility of the Association, except for the interior of the Units. No work of any kind is to be done upon the exterior building walls or upon the interior boundary walls without first obtaining the approval of the Association.

5. No Unit Owner shall make or permit any disturbing noises in the buildings, or do or permit anything to be done therein which will interfere with the rights, comforts, or conveniences of other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument or operate or permit to be operated a phonograph, CD player or radio or television or other loudspeaker in such Owners' Unit between the hours of 12:00 Midnight and the following 6:00 A.M., if the same shall disturb or annoy other occupants of the buildings.

6. Each Unit Owner shall keep his or her Unit in a good state of presentation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance. Each Unit Owner will keep the areas immediately in front of and in back of his or her Unit free and clear of all trash, papers and debris.

EXHIBIT "C"
-2-

7. Unit Owners shall not cause or permit any unusual or objectionable noises or odors to be produced upon or to emanate from their respective Units.

8. No animals or reptiles of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that a dog, cat or other household pet approved in writing by the Board of Directors of the Association, may be kept in a Unit, provided that it is not kept, bred or maintained for any commercial purpose; and provided further that any such pet which in the opinion of the Board of Directors of the Association is causing or creating a nuisance shall be permanently removed from the property upon three (3) days written notice from the Board of Directors of the Association. No Unit shall house more than one (1) pet, except as approved by the Board of Directors. Any person within the project keeping a pet shall immediately clean and remove any messes created or caused by said pet. Further, no unleashed pets whatsoever shall be allowed upon the Limited or General Common Elements.

9. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board of Directors of the Association.

10. Unit Owners in Buildings 1 through 6 will be assessed for the water used as well as for the maintenance and repair of the sprinkler system installed for the lawns of said buildings. This expense shall be shared equally by said Unit Owners, and it will be calculated by the Manchester Condominiums II Owners Association. This water, maintenance and repair expense shall be added to said Unit Owner's assessments set by the Owners Association.

    Buildings 7 through 10 do not have a sprinkler system, and Unit Owners in said buildings will not be responsible for or have added to their assessments the water, maintenance and repair expense to operate said system.

11. These Rules and Regulations may be amended, modified or altered only as provided in the Bylaws of Manchester Condominiums II Owners Association.

These Rules and Regulations have been approved by the Board of Directors of Manchester Condominiums II Owners Association on the 28th day of February, 2002.

EXHIBIT "C"
-3-

MANCHESTER CONDOMINIUMS II OWNERS ASSOCIATION

By:_____
President

By:_____
Secretary

EXHIBIT "D"
-1-

SPECIFICATIONS

BUILDINGS 1 THROUGH 6 - MANCHESTER CONDOMINIUMS II

CONCRETE FOOTINGS

Footings shall be 8" X 16" of ready mix concrete with two (2) continuous horizontal #4 reinforcing rods. A six (6) bag mix with 3000 psi will be used with dimensions as shown on the drawings. All footings will be poured on undisturbed soil at a depth of not less than 42" from finish grade. The footing drain will consist of continuous 4" perforated ADS drainage tile in a 12" washed rock bed.

BASEMENT WALLS

Walls shall be 3500 psi concrete construction, straight, plum, and level as shown on drawings. Exterior walls will be coated with Hydrocide 600 waterproofing with Hydrocide mastic at all cold joints. Lower level perimeter walls to be studded and insulated.

BASEMENT FLOOR

Floor shall be of 4000 psi concrete, 4" thick, with a 4" sand/lime base thoroughly tamped into place and carefully pitched to floor drains. The floor will be treated with cure and seal after it has been finished troweled. The concrete will be saw cut in locations to minimize potential cracking.

CEMENT WALKS AND DRIVES

All cement walks and drives shall be 4" thick, of widths and locations shown on plans and shall be poured monolithically with a brushed finish and sealed with cure and seal.

SUPPORT BEAMS

Support beams shall be micro-laminated beams and shall be placed as shown on all plans. Columns to be 3" steel jack posts. Windows and door headers will be of 2 X 10 #2 fir construction.

EXHIBIT "D"
-2-

JOISTS

First floor joists: 11 7/8" TJI floor joists or 2 X 10's
Roof framing: Engineered roof trusses

STUDDING AND PARTITIONS

Interior studding shall be 2 X 4's placed 16 inches on centers, single plate on bottom and double plate on top of each wall or partition. 2 X 4's shall be doubled around all openings with a 2 X 4 header at each non bearing opening. Exterior walls will be of 2 X 6 construction with 16 inches on center. All wood/concrete floor abutments shall be of pressure treated wood. All exterior headers shall be 2 X 10 construction, unless otherwise noted.

SUB-FLOORING

Sub-flooring shall be of 4' X 8' X ¾" OSB flooring glued on all joints with PL400 or a comparable glue and securely nailed. All joints shall be made on properly supported joists.

SHEATHING

Outside wall shall be covered with 7/16" OSB wall sheathing securely nailed.

SIDING AND SOFFITS

Siding shall be double 4" vinyl siding on the entire building. Soffits are to be aluminum.

ROOFING

Shingles for roof shall be ELK 25's (or equal) asphalt shingles with #15 felt building paper beneath. Color of shingles to be determined by the owner. Roof sheeting will be 15/32" OSB sheathing.

INSULATION

Sidewall insulation: R-19 Owens Corning pink fiberglass, friction bit bats
Ceiling insulation: R-40 12" of fiberglass blown-is attic insulation.

EXHIBIT "D"
-3-

EXTERIOR TRIM BOARDS

Shall be vinyl with dimensions as shown on plans. Color same as siding.

WINDOWS & SLIDING PATIO DOORS

Windows and patio doors shall be Milgard vinyl or equivalent.

EXTERIOR DOORS

Exterior doors shall be Stanley steel insulated doors or equal. Door dimensions and style will be as shown on plans. All steel doors to be painted with an enamel paint.

SCREENS

Screens will be provided for all operable windows.

MILLWORK

The interior trim will be flush oak doors with oak casing and base. Handrails to be oak.

FINISHED FLOORS (CARPET, VINYL, TILE, HARDWOOD)

STAIRS

All stairs will be as follows: Risers will be of 1 X 8 pine #2 and treads will be 2 X 12. Handrails will be pine.

CABINETS

Cabinets to be as follows: All Cabinets to be Mid-Continent honey oak.
White Mid-Continent add $500.00.

CLOSETS

Closets shall have one full width shelf/pole or vinyl wrapped wire. Additional shelf/pole stack in master bedroom.

EXHIBIT "D"
-4-

SHEETROCK

All ceilings will have 5/8" sheetrock. All walls will have ½" sheetrock. All interior walls will be glued and all exterior walls and ceilings will be screwed. All finished areas will be taped and corner beaded and troweled three times, then sanded and textured. Ceilings and walls to have orange peel texture.

PAINTING AND STAINING

Interior walls are to be finished with one coat semi-gloss antique white latex paint after one coat of primer.

ELECTRICAL

All work to comply with local codes and ordinances. Provide wiring outlets and rough in for light fixtures as per the uniform building code.

HARDWARE

All rough and finish hardware will be installed by the carpentry contractor in accordance with plans and specifications. Interior and exterior locksets will be Schlage. Dead bolts will be installed on all front entry doors.

PLUMBING

Plumbing fixtures shall be as follows:

1 - Aqua Glass tub/shower - Moen fixtures
1 - Aqua Glass shower - Moen fixtures
2 - Mansfield toilets
2 - Mansfield Lavs
1 - Kohler Cast Iron Kitchen Sink
1 - Insinkerator garbage disposal
1 - 40 gallon hot water heater
1 - Outside sillcocks

EXHIBIT "D"
-5-

HEATING AND AIR CONDITIONING

Heating and air conditioning units shall be as follows:

1 - Lennox furnace
1 - Lennox air conditioner
1 - Aprilaire humidifier or equal
1 - Set back thermostat

APPLIANCES

Range, dishwasher, refrigerator and microwave, all GE/Hotpoint.

FIREPLACE

1 - Heat & Glo 5000 gas unit with ceramic front and mantel (or equal) each unit.

GUTTERS AND DOWNSPOUTS

Gutters and downspouts will be constructed of .032 gauge seamless aluminum.

COUNTER TOPS

Laminate type.

GARAGE

Garage insulated, drywalled, finished and painted.

EXHIBIT "D"
-6-

SPECIFICATIONS

BUILDINGS 7 THROUGH 10 - MANCHESTER CONDOMINIUMS II

CONCRETE FOOTINGS

Footings shall be 8" X 16" of ready mix concrete with two (2) continuous horizontal #4 reinforcing rods. A six (6) bag mix with 3000 psi will be used with dimensions as shown on the drawings. All footings will be poured on undisturbed soil at a depth of not less than 42" from finish grade. The footing drain will consist of continuous 4" perforated ADS drainage tile in a 12" washed rock bed.

BASEMENT WALLS

Walls shall be 3500 psi concrete construction, straight, plum, and level as shown on drawings. Exterior walls will be coated with Hydrocide 600 waterproofing with Hydrocide mastic at all cold joints. Lower level perimeter walls to be studded and insulated.

BASEMENT FLOOR

Floor shall be of 4000 psi concrete, 4" thick, with a 4" sand/lime base thoroughly tamped into place and carefully pitched to floor drains. The floor will be treated with cure and seal after it has been finished troweled. The concrete will be saw cut in locations to minimize potential cracking.

CEMENT WALKS AND DRIVES

All cement walks and drives shall be 4" thick, of widths and locations shown on plans and shall be poured monolithically with a brushed finish and sealed with cure and seal.

SUPPORT BEAMS

Support beams shall be micro-laminated beams and shall be placed as shown on all plans. Columns to be 3" steel jack posts. Windows and door headers will be of 2 X 10 #2 fir construction.

EXHIBIT "D"
-7-

JOISTS

First floor joists: 14" TJI floor joists 19.2" O.C.
Roof framing: Engineered roof trusses

STUDDING AND PARTITIONS

Interior studding shall be 2 X 4's placed 16 inches on centers, single plate on bottom and double plate on top of each wall or partition. 2 X 4's shall be doubled around all openings with a 2 X 4 header at each non bearing opening. Exterior walls will be of 2 X 4 construction with 16 inches on center. All wood/concrete floor abutments shall be of pressure treated wood. All exterior headers shall be 2 X 10 construction, unless otherwise noted.

SUB-FLOORING

Sub-flooring shall be of 4' X 8' X ¾" OSB flooring glued on all joints with PL400 or a comparable glue and securely nailed. All joints shall be made on properly supported joists.

SHEATHING

Outside wall shall be covered with 7/16" OSB wall sheathing securely nailed.

SIDING AND SOFFITS

Siding shall be .042 double 4" vinyl siding on the entire building. Soffits are to be aluminum.

ROOFING

Shingles for roof shall be Owens-Corning supreme 25 yr. with felt binding paper beneath. Color of shingles to be driftwood. Roof sheeting will be ½" OSB sheathing. Class A fire rating.

INSULATION

Side wall insulation: R-13 Owens Corning pink fiberglass, friction bit bats
Ceiling insulation: R-40 12" of fiberglass blown-is attic insulation.

EXHIBIT "D"
-8-

EXTERIOR TRIM BOARDS

Shall be vinyl with dimensions as shown on plans. Color same as siding.

WINDOWS & SLIDING PATIO DOORS

Windows and patio doors shall be Milgard vinyl or equivalent.

EXTERIOR DOORS

Exterior doors shall be Stanley steel insulated doors or equal. Door dimensions and style will be as shown on plans. All steel doors to be painted with an enamel paint.

SCREENS

Screens will be provided for all operable windows.

MILLWORK

The interior trim will be pre-finished oak with flush doors.

FINISHED FLOORS (CARPET, VINYL, TILE, HARDWOOD)

STAIRS

All stairs will be as follows: Risers will be of 1 X 8 pine #2 and treads will be 2 X 12. Handrails will be pine.

CABINETS

Cabinets to be as follows: All Cabinets to be Mid-Continent. Bayfield Design (honey) layouts, or equal.

CLOSETS

Closets shall have one full width shelf/pole or vinyl wrapped wire. Additional shelf/pole stack in master bedroom.

EXHIBIT "D"
-8-

EXTERIOR TRIM BOARDS

Shall be vinyl with dimensions as shown on plans. Color same as siding.

WINDOWS & SLIDING PATIO DOORS

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