Prepared by: Douglas D. Ruppert, 122 South Linn Street, Iowa City, Iowa 52240, 319-338-9222

AMENDMENT TO CONDOMINIUM DECLARATION OF MANCHESTER CONDOMINIUMS I

The undersigned, being all of the owners of the units in Manchester Condominiums I, do hereby amend the Condominium Declaration of Manchester Condominiums I, which Declaration is recorded July _____, 2001, in Book 3091, Page 588, Records of the Recorder of Johnson County, Iowa, as follows:

1. Article VI, paragraph 3, Designation of Association Directors, is deleted and replaced with the following:

> Declarant shall have the right to name all members of the Board of Directors of Manchester Condominiums I Owner's 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.

2. Article XIV, paragraph 1, subparagraph (b) Resolution is deleted and replaced with the following:

> A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by any member of the Association. The resolution must be adopted by at least sixty-seven percent (67%) of all owners entitled to vote, in person or by proxy and fifty-one percent (51%) of the holders of the then outstanding or unreleased mortgages secured by units.

3. Exhibit "B", Bylaws, Article II, paragraph 1, is amended by deleting the first sentence thereof and replacing it with the following:

> 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.

4. Exhibit "B", Bylaws, Article VII, paragraph 1 is deleted and replaced with the following:

These Bylaws may be amended, altered, repealed or new Bylaws adopted by the members at a regular or special meeting of the members upon a sixty-seven percent (67%) or larger affirmative vote of all members of the Association.

5. Exhibit "B", Bylaws, Article VIII is amended by adding thereto a new paragraph designated as paragraph 9, as follows:

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.

DATED this _____ day of December, 2001.

ARLINGTON DEVELOPMENT, INC.

By: _____
Gary D. Watts, President

By: _____
John Moreland, Jr., Secretary

"Contract Purchaser" of Unit 2, Building I; Units 1, 3, 5, 6, 7 and 11 Building II and Units 4, 5, 7, 8, 9, 10 and 11 Building III

STATE OF IOWA
SS:
JOHNSON COUNTY

On this _____ day of December, 2001, 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,

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.

Declarant further expressly reserves the right to prepare and record an Access Easement and Maintenance Agreement which will permit ingress and egress over that portion of Manchester Lane located within the condominium development. Said Access Easement to run to the benefit of the titleholders to the real estate located north of Manchester Condominiums I.

3. Designation of Association Directors.

Declarant shall have the right to name all members of the Board of Directors of Manchester Condominiums I. Owners Association until the first annual members' meeting of said Association which shall be held as provided for in the Bylaws.

(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 a majority of all Owners entitled to vote, in person or by proxy; 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.

EXHIBIT "B"
-3-

II. MEMBERS' MEETINGS

1. The first organizational meeting of members shall be held upon the earlier of the following: pursuant to notice of said meeting to the members from the initial Board of Directors; or at such time as Building I, II and III of the condominium regime have been completed and are certified for occupancy. 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

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.

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 a majority 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.