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EIGHTH AMENDMENT TO DECLARATION OF SUBMISSION OF PROPERTY TO HORIZONTAL PROPERTY REGIME FOR MAGNOLIA LANE, A CONDOMINIUM

The undersigned, Magnolia Lane Owners Association, Inc., hereby causes to be executed and hereby executes this instrument as the Eighth Amendment to the Declaration of Submission of Property To Horizontal Property Regime For Magnolia Lane, A Condominium (referred to hereafter as "Declaration"), all pursuant to Chapter 499B, Code of Iowa, entitled "Horizontal Property Act (Condominiums)" which Declaration was filed in the Office of the Linn County, Iowa, Recorder on November 22, 1999, in Volume 4010 beginning at Page 629. This Eighth Amendment shall take effect when filed for record in the Office of the Recorder, Linn County, Iowa.

ARTICLE I

PURPOSE

The purpose of this Eighth Amendment is to amend selected provisions of the Declaration and Bylaws of Magnolia Lane Owners Association, Inc. ("Bylaws") in accordance with Paragraph 4(a) of Article XII of the Declaration in order to satisfy Fannie Mae requirements for condominium documents and to effectuate additional desired changes.

ARTICLE II

AMENDMENTS TO DECLARATION

1. Paragraph 2 of Article I of the Declaration is amended to add an additional subparagraph (j) as follows:

"(j) Eligible Holders of First Mortgages. A holder, insurer or guarantor of a first mortgage on a Unit who has requested notice under Article XIV herein. Also referred to as "Eligible Holder."

2. Paragraph 9 of Article X of the Declaration is hereby deleted and the following inserted in lieu thereof:

"9. Units shall be used and occupied for dwelling purposes only. A Unit may be rented or leased by the owner, provided the entire Unit is rented, the occupancy is only by the lessee and his family, and the lease is in writing and copy thereof is filed with the Association prior to possession. No lease shall relieve the owner as against the Association and other owners from any responsibility or liability imposed by the condominium documents. The term "lease" as used herein shall include any form of occupancy, whether technically a lease or tenancy and whether for consideration or not. Ownership of a Unit by a corporation or a trust is permitted, but no individual shall be allowed to occupy or use such a Unit, except pursuant to a written lease

complying herewith. An owner shall be liable to the Association and other owners, as the case may be, for damage to common elements or property of other owners."

3. Paragraph 10 of Article X of the Declaration is hereby deleted and the following inserted in lieu thereof:

"10. Cats may be kept on the property, except the total number of cats per unit shall not exceed two. One small dog (not to exceed 20 pounds) per unit is allowed. Specially trained guidance animals, signal animals or other assistance animals are permitted as required regardless of their size. No wild animal, reptile or bird may be trapped, transported, kept, or maintained anywhere on the property. All allowable pets shall be kept and housed inside the owner's Unit, and no pet may be kept which abnormally interferes with the rights, comforts or convenience of other owners. Breeding of any animals on the property is specifically prohibited. All pets must be kept on a leash when outside the owner's Unit. Each owner shall have the individual responsibility for any clean up required as a result of the ownership of such pet."

4. Paragraph 1 of Article XI of the Declaration is amended to read:

"1. Damage to or destruction of all or any part of the Buildings and/or condominium property shall be repaired or the same restored, rebuilt or reconstructed, as the case may be, if two-thirds (2/3) of the total number of votes outstanding and entitled to be cast are voted in favor of such repair, restoration, rebuilding or reconstruction, and at least fifty-one percent (51%) of Eligible Holders consent to such repair, restoration, rebuilding or reconstruction. If less than two-thirds (2/3) of such votes are cast in favor of any such actions, the outcome of the vote taken shall automatically constitute a determination that the entire condominium property be deemed owned in common by the Unit owners and subject to partition and sale, it being understood that no separate part of the property may be thus deemed owned in common and partitioned without an amendment to this Declaration expressly so providing, which amendment must comply with the provisions of Chapter 499B of the Iowa Code as now provided or hereafter amended and in effect at such time. That percentage of all the owners of the Units submitted to the regime who together cast the necessary percentage of the total number of votes outstanding entitled to be cast in favor of or against any of such action shall be the number and percentage of such owners whose votes shall be determinative of whether to rebuild, repair, restore or reconstruct all or any portion of the property or whether to deem the property to be owned in common."

5. Paragraph 4 of Article XII of the Declaration is amended to delete a reference to Proposed Units in subparagraph (a) to read as follows:

"(a) By the unanimous written agreement of all owners of all Units."

6. Paragraph 4 of Article XII of the Declaration is further amended to add subparagraph (c):

"(c) In addition to requirements set forth in the foregoing provisions in this paragraph 4, amendments of a "material nature" shall require the consent of fifty-one percent (51%) of Eligible Holders of First Mortgages. Amendments of a material nature include, and are expressly limited to, amendments which establish, provide for, govern or regulate any of the following: voting rights; increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of such liens; reductions in reserves for maintenance, repair, and replacement of common elements; responsibility for maintenance and

repair of common elements; re-definition of any Unit boundaries; convertibility of Units into common elements or vice-versa; expansion or contraction of the condominium regime other than is provided for in Section VI(3), or the addition or annexation of property to the regime; hazard or fidelity insurance requirements; imposition of any restrictions on the leasing of Units; imposition of any restriction on a Unit owner's right to transfer his or her Unit; a decision by the Association to establish self-management if professional management had been required previously by the condominium documents or by an Eligible Holder; restoration or repair to any part of the Buildings and/or condominium property after damage or partial condemnation in a manner other than that specified in this Declaration; or any provisions that expressly benefit mortgage holders, insurers or guarantors."

7. An Article XIV is added to the Declaration:

"ARTICLE XIV

FIRST LIENHOLDERS' RIGHTS

1. Notices of Action. A holder, insurer or guarantor of a first mortgage on a Unit, upon written request to the Association which states the name and address of such holder, insurer or guarantor and the Unit number at issue, shall be entitled to timely written notice of:

a. Any proposed amendment of the condominium documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appurtenant thereto; (ii) the interests in the general or limited common elements appurtenant to any Unit; (iii) the number of votes in the Association appurtenant to any Unit; or (iv) the purposes to which any Unit or the common elements are restricted;

b. Any proposed termination of the condominium regime;

c. Any condemnation loss or any casualty loss which affects a material portion of the condominium regime or which affects any Unit on which there is a mortgage held, insured or guaranteed by such Eligible Holder;

d. Any delinquency in the payment of assessments or charges owed by an owner of a Unit subject to the mortgage or such Eligible Holder, where such delinquency has continued for a period of sixty (60) days;

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

f. Any proposed action that requires the consent of a special percentage of Eligible Holders of First Mortgages.

2. Consent to Action. Each mortgagee, insurer or guarantor shall be deemed to have consented to and/or approved of any amendment or other action requiring the consent of such mortgagee, insurer or guarantor if the mortgagee, insurer or guarantor does not respond to a written request for consent and/or approval (addressed to the mortgagee, insurer or guarantor's address of record with the Association and sent via certified mail) within thirty (30) days after receipt thereof."

ARTICLE III

AMENDMENTS TO BYLAWS

1. Paragraph 1 of Article IV of the Bylaws is hereby deleted and the following inserted in lieu thereof:

"1. The corporation and its affairs shall be governed, managed, and administered by a Board of Directors. The initial Board is two (2) in number and the initial directors shall be Darryl High and David Tigges. The terms of the initial directors shall commence on the day the Articles of Incorporation are filed with the Iowa Secretary of State and shall be two years, or shorter if the initial directors resign prior to the end of their two-year terms. In any event, the initial directors shall resign and pass control of the Association to the owners no later than four (4) months after seventy-five percent (75%) of the Units in the fully-constructed and developed condominium regime have been conveyed to Unit purchasers. At the expiration of the terms of the initial directors and thereafter, the Board of Directors shall be selected from the members of the corporation. An officer or designated agent of a corporate member may serve as a director."

2. Paragraph 4 of Article V of the Bylaws is amended to read as follows:

"4. The Secretary shall keep the minutes of the proceedings of membership meetings and directors' meetings and shall have custody and control of the minute book of the Corporation, and shall keep or be in charge and control of the records of the Corporation except those of the Treasurer, and shall give notice where required or directed to do so. The Secretary shall make available during normal business hours current copies of the Declaration, including all amendments thereto; rules and regulations of the Corporation; Articles of Incorporation and Bylaws of the Corporation, including amendments thereto, if any; and other books, records and financial statements of the Corporation to members, lenders, holders, insurers and guarantors within five (5) business days after any request for such document."

3. Paragraph 6 of Article VII of the Bylaws is deleted and the following inserted in lieu thereof:

"6. The regular annual assessments made for current expense and deferred maintenance and replacement reserves or for any other purpose shall be due from and paid by the Unit owners as to their shares thereof in twelve (12) equal monthly installments payable on the first day of each month during the one year period in question beginning on the first day of the first month after acceptance of a deed to a Unit. If any installment of any assessment of any kind or character is in default for more than thirty (30) days, the Board of Directors may accelerate the remaining installments and declare the entire amount thereof due and payable within twenty (20) days after written notice thereof is mailed to the owner in default at his address carried upon the corporate records. When the Association has acquired a Unit, the assessment otherwise due and payable, reduced by the amount of income which may be derived from the leasing of such Unit by the Association, shall be apportioned and assessments therefor levied ratably among all other owners according to their percentage interests in the common elements."

4. Paragraph 8 of Article VII of the Bylaws is amended to read as follows:

"8. Developer shall establish a working capital fund for the Association's initial operations equal to at least two months of assessments ($160.00) on each Unit existing at the time the fund is

established. In addition, Developer shall transfer $160.00 of the $250.00 start-up fee paid by each new owner to the fund upon the closing of each additional Unit added to the regime after the fund is established. Any amounts paid into this fund shall not be considered as advance payments of regular assessments for units owned by Developer. Developer may be reimbursed for these contributions at the time the Units are sold to purchasers by using funds collected at the closings on the Units. If prior to the date of its first annual meeting the Association requires additional capital, the Developer may loan to it any sums required in excess of the assessment for which the Developer is liable as an owner, in which event the requirement of Article VI, paragraph 12, of approval by a seventy-five percent (75%) vote shall not apply. The working capital fund shall be transferred to the Association for deposit into a segregated fund when control of the Association is transferred to the members. Developer may not use the working capital fund to defray any of its expenses, reserve contributions or construction costs or make up any budget deficits while it is in control of the Association."

5. Paragraph 3(b) of Article VIII of the Bylaws is amended as follows:

"(b) Insurance against public liability and property damage, including liability on account of ownership, maintenance and control of common elements and areas, shall be procured in such form as will protect the Association and all owners and in the minimum amount of $1 million for bodily injury and property damage for any single occurrence. Such liability policy or policies shall contain cross liability endorsements to cover the liability of the owners as a group to an owner and shall protect in standard form as a minimum the owners, Board of Directors, officers, agents and contractors of or with the Association. Such liability insurance may include but is not limited to water damage, legal liability, liability in respect to motor vehicles owned or hired, and off-premises employee coverage."

6. A subparagraph (g) is hereby added to paragraph 3 of Article VIII of the Bylaws:

"(g) Fidelity insurance covering anyone who either handles (or is responsible for) funds that the Association holds or administers, whether or not that individual receives compensation for his or her services, shall be procured naming the Association as the insured in an amount equal to the maximum funds that will be in the custody of the Association."

ARTICLE IV

CERTIFICATION

Pursuant to Paragraph 5 of Article XII of the Declaration, a Certificate is attached hereto as Exhibit A.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed this 5th day of May, 2003.

MAGNOLIA LANE OWNERS ASSOCIATION, INC.

By: _____
DARRYL T. HIGH, President

By: _____
DARRYL T. HIGH, Secretary

STATE OF IOWA)
) ss.
COUNTY OF LINN)

This instrument was acknowledged before me on May 5th, 2003 by Darryl T. High as President and Secretary of Magnolia Lane Owners Association, Inc.

SYBIL L. ZMOLEK
Commission Number 719772
My Commission Expires
12/2/05

_____
Notary Public in and for the State of Iowa

00095789.WPD

CERTIFICATE

I, Darryl T. High, as President and Secretary of Magnolia Lane Owners Association, Inc. ("Association") do hereby certify that the Eighth Amendment to the Declaration of Submission of Property to Horizontal Property Regime for Magnolia Lane, A Condominium ("Eighth Amendment") to which this Certificate is attached was authorized and adopted by the owners acting through the Association and in accordance with its Bylaws. This Certificate is provided in accordance with the provisions of Paragraph 5 of Article XII of the Declaration of Submission of Property to Horizontal Property Regime for Magnolia Lane, A Condominium, filed in the Office of the Linn County, Iowa, Recorder on November 22, 1999, in Volume 4010, beginning at Page 629, as amended ("Declaration").

I hereby state that the Eighth Amendment amending selected provisions of the Declaration and Bylaws of Magnolia Lane Owners Association, Inc. ("Bylaws") was adopted at a special membership meeting of the Association held on May 5, 2003. Due notice of the meeting was given to all owners in accordance with Article III of the Association's Bylaws. A quorum was present, and upon the favorable vote of at least seventy-five percent (75%) of the total number of votes outstanding and entitled to be case, the Eighth Amendment was adopted and I was authorized to execute it and this Certificate on behalf of the Association.

SYBIL L. ZMOLEK
Commission Number 719772
My Commission Expires
12/2/05

Darryl T. High, President & Secretary, Magnolia Lane Owners Association, Inc.

EXHIBIT A