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LINN COUNTY, IOWA
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COUNTY RECORDER

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

The undersigned, J.D. & D., L.C., Cedar Rapids, Iowa, (referred to hereafter as "Developer") hereby causes to be executed and hereby executes this instrument of declaration of submission of property to a horizontal property regime to be known as "Magnolia Lane, A Condominium" (referred to hereafter as "Condominium"), all pursuant to Chapter 499B, Code of Iowa, entitled "Horizontal Property Act (Condominiums)" the same to take effect when filed for record in the office of the Recorder, Linn County, Iowa.

ARTICLE I

PURPOSES AND CERTAIN DEFINITIONS

1. Purpose. The purpose of this Declaration is to submit and convey the lands hereinafter described and the Buildings and other improvements constructed or to be constructed thereon to the condominium form of ownership and use pursuant to Iowa law.

2. Definitions. The terms employed shall have the meanings given them in Chapter 499B, Code of Iowa, unless the context or the more particular provisions of any condominium document requires a different one. Certain terms are used as follows:

(a) Plural and Gender. All words or phrases shall be taken to include the singular or plural according to context and to include the female, male or neuter gender as may be applicable.

(b) Successors. Reference to Developer, owner, or to any entity or association shall include the respective successors, grantees and assigns thereof.

(c) Tense. Upon the effective date of this Declaration, use of the present tense shall include the future tense and use of the future tense shall include the past or present tense as may be applicable, particularly where the subject matter relates to completion of an improvement.

(d) Unit. A Unit means generally an area defined by surfaces or planes which is capable of being owned as a separate parcel of real property under the Iowa Horizontal Property Act. The term "Unit" includes the garage (as this term is defined and used in this Declaration) identified with a unit by number and on Exhibits submitted herewith. This Declaration defines six Units, Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6, that are capable of being owned as separate parcels of real estate.

(e) Garage. The term "garage" as used herein shall include that part of a Unit identified as such on the Exhibits submitted herewith.

(f) Buildings. The term "Buildings" as used herein shall refer to any structure containing one or more Units that is constructed on the real estate submitted to the horizontal property regime.

(g) Condominium Documents and Property. This Declaration and all exhibits attached hereto constitute the condominium documents. The terms "condominium property" or "the property" include all property, real, personal or mixed, including such as are sometimes referred to as "facilities" submitted now or hereafter to the regime, or owned by the Association if context requires, other than the sole personal property of Developer or any owner.

(h) MAGNOLIA LANE OWNERS ASSOCIATION, INC. A non-profit corporation organized under Chapter 504A, Code of Iowa, to serve as the council of the owners of the Units submitted to this regime, sometimes referred to hereafter as the "Association."

(i) Bylaws. The Bylaws of MAGNOLIA LANE OWNERS ASSOCIATION, INC.

ARTICLE II

DESCRIPTION OF LAND AND BUILDINGS; PRINCIPAL MATERIALS

1. Land. The land hereby conveyed and submitted to the Horizontal Property Regime is situated in Linn County, Iowa, and is legally described as follows:

LOT 1, VIOLA-MAR FIRST ADDITION TO THE CITY OF MARION, LINN COUNTY, IOWA

2. Plat and Site Plan. There is attached hereto, as Exhibit A and hereby made a part hereof, pursuant to Section 499B of the Code of Iowa, a final plat of land submitted to the Horizontal Property Regime. Said Exhibit A shows graphically the land submitted to the Horizontal Property Regime. There is attached hereto as Exhibit B and hereby made a part hereof a site plan showing the location and dimensions of the Building hereby submitted to the Horizontal Property Regime. Exhibit B further shows graphically the location, dimensions and area of certain common elements either as they now exist or as they are proposed.

3. Private Road; Access. Exhibit B shows the location of Magnolia Lane, a private drive that provides ingress to and egress from the Buildings and land. Tenth Avenue in Marion, Iowa, is a public street which affords access to the drive and to other streets in Marion, Iowa.

4. Particulars of the Building. Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6 are located in a Building, located as shown on Exhibit B. Each Unit has one floor. Further, each Unit includes a one (1) stall garage, located in a separate building as shown on Exhibit B.

5. Principal Materials - Buildings. The principal materials of the Building containing Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6 are as shown on Exhibit F.

ARTICLE III

EXHIBITS; IDENTIFICATION OF UNITS

1. Exhibits Attached; Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6. The location of Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6 within the Building, the number of rooms for each Unit and the dimensions thereof and the area of each Unit, the common area to which each Unit has access, the particulars of the Building and the dimensions, area and location of all common elements affording access to each Unit or otherwise are all shown and depicted by survey, plans and/or graphically insofar as possible by the following exhibits attached hereto and made a part hereof:

Exhibit B	Site plan.
Exhibit C	Floor plans of Building containing Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6; Floor plans of building containing garage stalls.

2. Complete Plans and Certificate. There is also filed herewith, as Exhibit D, pursuant to Section 499B.6, Code of Iowa, a full and exact copy of the complete plans of the six-unit Building containing Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6. The Certificate of Engineer with respect to Units 2500A-1, 2500A-2, 2500A-3, 2500A-4, 2500A-5, and 2500A-6 is attached hereto as Exhibit E.

3. Identification of Units by Number. Each Unit is identified and described by a number assigned to it and such number and the location of each Unit are set forth in Exhibit B. In addition, the Unit number of each Unit and its approximate area are set forth on Exhibit G attached hereto. Exhibit G also sets forth the fractional interest of undivided ownership in the land and other common elements of the regime, which is appurtenant to each Unit as explained in detail in Article V. As amendments to this Declaration are filed, Exhibit G will be supplemented to provide information for such Units.

ARTICLE IV

DESCRIPTION/DEFINITION OF COMMON ELEMENTS AND UNITS

The Condominium consists of Units that are separate parcels of real estate individually owned by the owners thereof, and of common property (sometimes referred to as "common elements") that is owned in common by the owners of the respective Units. The common elements are either "general common elements" or "limited common elements" and the same, together with the Units, are described and defined as follows:

1. General Common Elements. The general common elements are the land described in Article II and all improvements, including the Buildings situated on the land, except the Units and such common elements as are limited common elements. The general common elements include, without being limited thereto, all property defined as such in Section 499B.2(4), Code of Iowa, the land, private roads, paths, landscaping and plantings, sidewalks, outside lighting system and fixtures, outside parking stalls, general water system and meter therefor, all ventilation and exhaust systems, the lighting system and fixtures of the common areas, fire extinguishers, gutters and down spouts, areaways, the chimneys and fresh air ducts, the general heating and air conditioning systems, and equipment for the common areas.

All structural elements of the Buildings, including but not limited to the foundation, slabs, exterior walls, roof and attic, interior load bearing walls, walls dividing Units, floors dividing Unit levels, other structural elements of the Buildings not reserved to a Unit, and personalty required by the Association for its functions as the council of co-owners, are general common elements.

All sewer, water, electrical, gas, telephone and other utility or service lines, wiring, ducts, conduits, piping, facilities or systems for purposes of utility or other services such as ventilation, exhaust, heating, air, and air conditioning, to or for a Unit (as distinguished from the actual machine or piece of equipment to which they are connected) are general common elements notwithstanding the same are located in part within a Unit as hereinafter defined so long as the same is connected to any other such wiring, line and the like. The common elements shall include easements to Units for all such lines, wiring, ducts and the like above referred to for the furnishing of utility and other services or systems to the other Units and to the common property and easements of support in every portion of a Unit that contributes to the support of the improvements.

2. Limited Common Elements. The limited common elements include such common property that is classified as limited by Section 499B.2(5), Code of Iowa. The common property that is specified and determined to constitute a limited common element for the use of a Unit includes, but is not limited to, the following: The patio or balcony adjoining that Unit, the doors and windows, including any sliding glass door or window set in the wall of a Unit and any non-load bearing partitions or walls within a Unit (but excluding any lines, wires, ducts and the like situated within such partitions).

All fixtures and attachments, machines and equipment in the nature of fixtures or attachments (excluding the lines, wiring, ducts and the like used in connection therewith and which are defined as general common elements) installed during construction and contained within or servicing solely a Unit, such as furnace, air compressor, water heater, range, plumbing and air conditioning equipment are limited common elements for such Unit.

The numbered mailboxes are limited common elements and one of each is reserved as such for the use of the particular Unit whose number corresponds to the number of such mailbox.

The garage doors are limited common elements.

3. Units and Garages. Each Unit shall consist of the area between the interior surfaces of its perimeter walls (including windows and sliding doors or windows, and including the interior surface of the exterior door(s)), and between the lower surface of the ceiling and the upper surface of the concrete slab or the floor. Each Unit shall further include the garage stall located in a separate

garage building shown on Exhibit B and Exhibit C. Each garage stall shall consist of the area between the interior surfaces of its perimeter walls (including the garage door) and between the lower surface of the ceiling and the upper surface of the concrete slab. In all cases, a Unit shall include and be defined by the surfaces referred to and shall include any non-load bearing partitions within, except that all lines, wires, ducts and the like within any non-load bearing partition or wall shall be excluded and shall not constitute a part of the Unit for purposes of separate ownership of such Unit.

ARTICLE V

FRACTIONAL INTEREST OF EACH UNIT IN THE COMMON ELEMENTS; VOTING RIGHTS; UNIT FEATURES

1. Fraction of Ownership Interest. The owner of each Unit and Proposed Unit shall own as an appurtenance thereto an undivided 1/6th interest in the lands and other common elements of the regime, both limited and general. Such interest shall be the same in both the limited common elements and the general common elements, notwithstanding any exclusive right of use of any limited common element which may be appurtenant to a particular Unit. The amount of ownership interest appurtenant to each is set forth in Exhibit G attached hereto. The fractional interest may change as provided in Section VI(3).

2. Voting Rights. The total number of votes outstanding and entitled to be cast by the owners of the Units is six (6), which is equal to the number of Units. The total number of Units may be increased as provided in Article VI. The owner (or owners, collectively) of each Unit, as such and as an Association member, shall be entitled to cast one (1) vote for each Unit owned.

3. Unit Features.

(a) In General. All first floor Units adjoin a concrete patio, which is a limited common element for that Unit and which is located opposite a portion of the exterior living room wall and can be reached by a patio door. All second and third floor Units adjoin a deck, which is a limited common element and which is located opposite a portion of the exterior living room wall and can be reached by a glass sliding door. The other particulars of the Units and floor plans are shown by Exhibit C but are summarized as follows: Each Unit contains generally two (2) bedrooms, a living room, dining room, kitchen, one (1) full bath, one (1) bath with shower, a laundry room, closets, and a one (1) stall detached garage.

(b) Responsibility for Equipment and Furnishing. The Developer will provide for the Unit as constructed a refrigerator, range, dishwasher, microwave, furnace, air conditioning unit, air compressor for air conditioning (but not located within the Unit), kitchen cabinets and tops, vanities and tops, fiberglass tub recesses, interior doors, hot water heater, all light fixtures, carpeting or other floor covering, paint or other wall covering, and garbage disposal. The Developer will provide separate meters for the consumption of electricity, gas, and water by the Unit occupants. The items listed herein and in subparagraph (c) below are referred to solely for the purpose of clarifying the extent of the Developer's undertaking and all such items shall constitute common elements or a part of a Unit or personal property of the owner as is otherwise provided in this Declaration.

(c) Optional Items; Permitted Variations. Various optional items, may be provided by Developer during construction by arrangement with and at extra cost to a Unit purchaser. In addition, certain of the items to be provided by Developer set forth in subparagraph (b) above may be deleted altogether or substitute items of different character provided by the Developer or by the owner. The Developer and owner may by agreement delete, relocate, modify or add interior non-load bearing partitions. The addition of any optional item by Developer on its own initiative or any addition, substitution, deletion or variation above mentioned by agreement with a purchaser is agreed to by all other Unit owners and shall not be construed to constitute an amendment to or variation from the terms of this Declaration, and, in addition, shall not in any event vary or modify the fraction of ownership interest appurtenant to such Unit as herein provided.

ARTICLE VI

DEVELOPER'S RESERVED RIGHTS AND POWERS

1. Developer's Activities and Unit Ownership. Developer is irrevocably and perpetually empowered, notwithstanding any use restriction or other provision of the condominium documents to the contrary, to sell, lease, or rent Units without restriction of any kind. Developer shall have the right to transact on the condominium property any business relating to construction, sale, lease or rental of units, including, but not limited to, the right to maintain models, offices, signs, employees and equipment and materials on the premises and to use common elements to show Units. A sales and rental office, signs and all items and equipment pertaining to sales or rentals or other facilities furnished by the Developer shall not be considered common elements and shall remain its separate property. Until Developer conveys title, Developer shall be and remain the owner of all Units all under the same terms and conditions as other owners including membership in the Association save for this right to sell, rent, or lease. Units owned by the Developer shall only be subject to assessment and lien for "current expenses" of the Association as distinguished from assessments for "reserves" or "emergencies" as referred to in the Bylaws of the Association, and Developer shall furthermore have the option of either paying such current expense assessment on unsold Units, or, in lieu thereof, to make up any deficiencies existing in the current operational and maintenance expenses of the regime. If Developer makes up such deficiencies, the lien of any assessments against Developer's Units shall thereby be automatically discharged but the Association upon request shall satisfy or release such lien in writing.

2. Construction of Buildings. The construction of Units shall be in accordance with the terms of this Declaration and the plans and exhibits attached hereto, except Developer reserves the right on its own initiative or pursuant to agreement with the owner of a particular Unit, or at the instance of mortgagees, any insurance carrier, the architect, or the public authorities to make or authorize variations therefrom or adjustments of an insubstantial character that are not meaningfully prejudicial to the rights of owners and do not materially affect such rights or the value of a Unit, which variations or adjustments are permitted without the necessity of consent by other owners and shall not constitute an amendment of this Declaration. Variations that do materially affect such rights or value shall be limited to a change in the location of the condominium or a reduction in size or change in the location, physical layout or design of a Unit, except that slight deviations required by construction or arising from the installation of the walls and/or partitions, changes in the location or design of a non-load bearing partition, closet or other feature within a Unit, and slight variations in the location of

the condominium which an accurate survey would show are permitted and the right to make the same reserved by Developer.

3. Enlargement of Regime. Notwithstanding any provision to the contrary contained in this Declaration, the Developer may enlarge the regime by submitting to it additional Units as follows:

(a) To enlarge the regime pursuant to this section, Developer must file in the office of the Recorder of Linn County, Iowa, no later than seven (7) years from the date of filing of this Declaration of Submission of Property to Horizontal Property Regime (herein referred to as "Declaration"), an amendment to this Declaration that shall describe the Units to be added to the regime. Said amendment shall contain whatever exhibits are necessary to fully describe said Units.

(b) An amendment filed pursuant to this Article shall be effective with respect to and shall apply to the added Units as if said Units were initially submitted to the regime.

(c) If additional Units are submitted to the regime, upon the recording of the amendment submitting such Units, the fractional interest in common elements appurtenant to all Units shall be adjusted to include the added Units. The total fractional interest appurtenant to all Units shall be equal to one (1), and every Unit shall have an equal fractional interest. The Developer shall include as part of such amendment an Exhibit to show the fractional interests of Units as revised by such amendment.

(d) Developer is not restricted as to the number of times the regime may be enlarged by submitting additional Units provided that an amendment must be filed as herein provided for each such enlargement and provided that amendments may not be filed later than seven (7) years from the date this Declaration is filed.

(e) An amendment filed pursuant to this section shall be effective when executed by the Developer and filed in the office of the Recorder of Linn County, Iowa. The consent of owners of Units and their mortgagees is not required, and amendments pursuant to this section shall be effective notwithstanding the objection, if any, of the owners of Units.

4. Assignment of Developer's Rights. Developer may assign its rights and powers under this Declaration, in whole or in part. No consent of owners or mortgagees shall be required.

5. Supplementary Clauses. Various provisions of this Declaration, and deeds and mortgages of the Units and common elements, contain clauses designed to accomplish shifting of the common elements as the regime is expanded by the addition of Units. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the common elements can be accomplished.

6. Power of Appointment. Each deed of a Unit shall be deemed to reserve to the Developer the power to appoint to Unit owners, from time to time, the fractions in the common elements set forth in amendments of the declaration that expand the regime by the addition of Units.

7. Power of Appointment to Shift Fractional Interests. A power coupled with an interest is hereby granted to Darryl High or to any person acting as president of Developer as attorney-in-fact to shift fractional interests of the common elements in accordance with amendments to the declaration

recorded pursuant hereto which expand the regime by the addition of Units, and each deed of a Unit and common elements in the regime shall be deemed a grant of such power to said attorney in fact.

8. Compliance With Horizontal Property Act. Each Unit owner, by acceptance of the deed conveying a Unit, agrees for such owner and all those claiming under such owner, including mortgagees, that this Declaration is in accordance with the Horizontal Property Act.

ARTICLE VII

APPURTENANCES TO UNIT OWNERSHIP AND TRANSFER THEREOF; SUBDIVISION

1. Appurtenances. The ownership of each Unit (whether defined and described herein or by amendment hereto) shall include all of the appurtenances thereto, including, but not limited to, the following:

(a) Fractional Interest of Ownership of Common Elements and Funds; Liabilities for Expenses. There shall be appurtenant to each Unit and the ownership thereof an undivided fractional interest of ownership in or liability for (1) the general common elements, (2) the limited common elements, (3) the funds and surplus, if any, of the Association, and (4) the common expenses and liabilities of the Association. Such undivided fractional interest of ownership or liability shall be identical as to each of the four aspects thereof above named, and the amount of such fractional interest or liability shall be the fraction fixed for the Unit by Exhibit G pursuant to Article V according to the fractional interest of each Unit in the entire regime.

(b) Encroachment Easements. If any portion of the common elements encroaches upon any Unit or any other portion of the common elements, or if any Unit encroaches upon any other Unit or upon any portion of the common elements upon completion of construction, or if any of such encroachments shall occur thereafter as a result of shifting or settling of the Buildings or from alteration, repair or improvement to the common elements and/or as a result of repair or restoration of the common elements or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, then in each of such events a valid easement shall exist for such encroachment and for the maintenance thereof so long as the Buildings, common elements and Units exist.

(c) Cross Easements. The appurtenances shall include, so long as the Buildings, common elements and Units exist, easements from each Unit owner to each other Unit owner and to the Association and from the Association to the respective Unit owners as required as follows:

(i) Ingress, Egress and Maintenance. Easements are reserved for ingress and egress through the common areas for access to the Units and through the common areas and the Units for purposes of maintenance, repair, replacement or reconstruction of each as authorized;

(ii) Support. Every portion of a Unit contributing to the support of the Buildings is burdened with an easement of support for the benefit of all other Units and common elements in or of the Buildings;

(iii) Utility and Other Services. Easements are reserved through the Units and common elements for conduits, ducts, plumbing, wiring, piping and other facilities for the furnishing of utility or other services and facilities to the other Units and common areas, provided such easements through a Unit shall be only according to the plans and specifications for the Buildings as and if varied during construction as herein permitted unless otherwise agreed by the Unit owner.

(d) Possession and Use of Unit, Including Air Space. In addition to the fee simple ownership of a Unit, there shall be as an appurtenance thereto an exclusive easement for the possession and use of the air or room space within the Unit and to the limited common elements of that Unit as the same exists from time to time or as altered or reconstructed from time to time subject to necessary and authorized easements for maintenance, repair and the like; which appurtenance shall be terminated automatically in the event of termination of the regime.

2. Assignment or Transfer of Appurtenances; Severance. The ownership of each Unit shall include and there shall pass and be transferred in the event of any transfer of ownership of such Unit as a parcel of realty or of any owner's right, title or interest therein, whether by deed, mortgage, by other instrument, or otherwise than by an instrument, all of the appurtenances thereto whether enumerated and separately described or not; and no part of the appurtenance interest of any Unit may be sold, transferred or otherwise disposed of except in connection with the sale, transfer or other distribution of the Unit itself or all Units in the regime.

3. Subdivision. No Unit shall be subdivided.

4. Liens. Taxes, assessments, judgments and any other matter against a Unit owner which may give rise to a lien shall be a lien only against the Unit owner's Unit and not against any other Unit or the common elements.

ARTICLE VIII

MANAGEMENT OF THE REGIME

1. Council of Co-Owners; Membership, Vote or Other Action of Owners. The business and affairs of the regime shall be governed and managed by the Association, a non-profit membership corporation organized and existing under Chapter 504A, Code of Iowa, which corporation is and shall constitute the council of the co-owners of the Buildings and common elements submitted to the regime, all as provided by Section 499 B.2(3), Code of Iowa. Copies of its Articles of Incorporation and its Bylaws are attached hereto as Exhibits H and I. All owners of Units shall automatically be members of the Association, and membership in the Association shall automatically cease upon termination of such ownership interest. 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 and the Bylaws.

2. Agreements and 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 the other condominium documents, and all rules and regulations and all agreements and determinations lawfully made by the Association and its directors, officers, or agents shall be binding on all such owners and/or other persons. A failure to comply with the Bylaws or the provisions of the other condominium documents or any agreements 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 owner as applicable and for mandatory or other injunctive relief, and the employment of one such remedy shall not constitute the waiver of the other.

3. Included Powers; Foreclosure of Lien, Waiver of Partition. Each owner agrees that the Association has and shall exercise all powers, rights and authority granted unto it by Chapters 504A and 499B, Code of Iowa, and such as are more particularly set forth in the condominium documents, including the making of assessments chargeable to owners and a lien on Units for any common expenses, and the right to foreclose the lien thereof and acquire a Unit at foreclosure sale and to hold, lease, mortgage or convey the same, but such acquisition shall be on behalf of all Unit owners, all of whom, however, shall be deemed to have waived all rights of partition with respect thereto.

4. No Avoidance by Waiver of Use; Right of Entry. The liability of an owner for all assessments made by the Association may not be avoided by waiver of the use or enjoyment of any common element, or by abandonment of a Unit for which an assessment is made. Except in the event of any emergency, the Association shall have the right exercisable at reasonable hours to enter a Unit as may be necessary or advisable to exercise its rights or responsibilities. In the event of an emergency the Association shall have the right to enter a Unit at any time as may be necessary or advisable to exercise its rights or responsibilities.

5. Association as Attorney-in-Fact for Owners. The Association is hereby irrevocably appointed attorney-in-fact for the Owners of each and every Unit to manage, control and deal with the interest of such Owners in the common elements so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with the regime upon its destruction or obsolescence as hereinafter provided, and to deal with and handle insurance and insurance proceeds and condemnation and condemnation awards as hereinafter provided. The acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Association as an attorney-in-fact as provided above.

6. Subordination of Assessment Liens. If any Unit subject to a lien created by any provision in this Declaration shall be subject to the lien of a first Mortgage of record: (i) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Mortgage; and (ii) the foreclosure of the lien of such Mortgage or the acceptance of a deed in lieu of the foreclosure by the Mortgagee, shall not operate to affect or impair the lien except that assessment liens, if any, as shall have come due up to the time of foreclosure or the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser and purchasers therefrom taking title free of assessments, if any, that have come due up to the time of the foreclosure or deed given in lieu of foreclosure, but subject to assessment liens that shall have come due subsequent to the foreclosure or deed given in lieu of foreclosure. All assessment liens as shall have come due up to foreclosure or the acceptance of a deed in lieu of foreclosure and

have not been paid shall be deemed to be an expense of the Association, but this shall not derogate the Association's right to collect said sums from the defaulting owner personally.

ARTICLE IX

MAINTENANCE, ALTERATION AND IMPROVEMENTS

1. Terms. Although the use of one shall not be deemed to exclude the applicability of another unless specifically so stated or required by the context, certain terms not susceptible to precise delineation are employed in the Article as follows: "Maintenance" is used generally to include repair, renovation, restoration, reconstruction, rebuilding or replacement as may be necessary to maintain the condominium property in the same condition as when constructed and completed by Developer; "alteration" relates to changes from such state other than maintenance; "improvement" as distinguished from alteration relates generally to the addition of new and different structures, elements or facilities other than those referred to in this Declaration. The provisions of this Article are applicable where the work done or required is not caused by a specific casualty or event and shall also apply in the event of maintenance, alteration or improvement necessitated by a specific casualty or event unless different provision is specifically made in the condominium documents dealing with such contingencies.

2. Maintenance by Association.

(a) All common elements and facilities, limited or general, shall be maintained by the Association as a common expense unless responsibility is otherwise imposed on the Unit owner by paragraph 3 of this Article or otherwise.

(b) Incidental damage caused to a Unit through maintenance by the Association shall be repaired by the Association as common expense.

(c) If a Unit owner defaults in his responsibilities of maintenance, the Association shall assume the same as a common expense and levy a special assessment against the Unit collectible as other assessments.

3. Maintenance by Owner.

(a) It shall be the responsibility of each Unit owner, after the Developer has deeded the Unit to the owner, at his own expense, to provide all maintenance of and within his Unit as defined by Article IV, paragraph 3, and including maintenance of non-load bearing partitions, of the interior surfaces of the walls, ceiling, doors, windows, sliding glass doors and floors which define the Unit, and of any finished or additional surfaces or materials installed by the Developer and/or the Unit owner, such as carpets, wall papering, counter tops, painting or staining, or other floor, wall or ceiling or other covering of any kind. The owners shall also maintain all plug-in appliances and other personalty of any kind within the Unit.

(b) The Unit owner, at his expense, shall be responsible for maintenance of the patio or deck adjacent to his Unit and the sliding glass doors thereto, all other doors or windows and all limited or general common elements within the Unit and garage for that Unit, excluding the garage door. The

owner shall maintain and replace all equipment, machines and attachments and fixtures within the Unit, irrespective of whether the same are or might be regarded as personalty or real estate or as common elements for other purposes, such as air conditioning and heating equipment or units, ranges, fans, water heaters, dishwashers, disposals, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to the Unit. It is understood the owner shall be responsible for the maintenance of wiring, piping, conduits, ducts and other service elements within the Unit, even though situated without.

(c) The Unit owner shall likewise maintain at his expense any improvements or alterations subsequently added by him and it shall be his duty to perform said maintenance without disturbing the rights of other Unit owners and to report promptly to the Association any defects or need for repairs which are the initial responsibility of the Association or with respect to which the Association otherwise has authority to act.

4. Responsibility of Owner; Insurance Proceeds. The owner of a Unit shall be responsible and liable for the expense of any maintenance rendered necessary by his act, neglect or carelessness or that of his family, guests, employees, agents or lessees, which liability shall include any increase in insurance rates occasioned thereby, provided this requirement shall not preclude the proceeds of insurance maintained by the Association from being applied to discharge such expense, in whole or in part; provided further: Nothing herein stated shall be construed to modify subrogation rights of or any modification thereof by insurance companies.

5. Maintenance Involving More Than One Unit. If maintenance is required involving more than one Unit, the Association, in order to provide centralized direction, may assume responsibility therefor and provide for the same, in whole or in part, as a common expense assessable to all owners.

6. Alteration or Improvements by Unit Owner. No Unit owner shall make any alteration of or improvement to a Unit or the limited common elements appurtenant thereto or to any of the common elements or remove any portion thereof without approval of the Board of Directors of the Association as to the proper insurance of such alterations or improvements under any master insurance policy purchased by the Association or by an insurance policy purchased by the owner and as to arrangements for bearing the expense of such insurance. In addition, no such alteration or improvement shall be made unless the Board of Directors shall approve the design and safety thereof and no work by an owner is permitted which will jeopardize the soundness of the Buildings or impair any easement. Any alteration or improvement of a Unit or the limited common elements appurtenant thereto shall neither increase nor decrease the fractional interest in the common elements appurtenant to that Unit.

7. Alteration or Improvement by the Association or All Owners. Except as otherwise permitted by this Declaration, there shall be no alteration of the Buildings or other general common elements, or further improvements added to the lands or other common elements, without the approval of all owners, provided upon the question being put to a vote by referendum ballot or membership meeting as provided in the Bylaws any such alteration or improvement may be done if seventy-five percent (75%) of the total number of votes outstanding and entitled to be cast are voted in favor thereof and if the dissenting owners are relieved from the cost and their share of the cost is borne by the assenting owners. Bids shall be taken and the cost accurately estimated before such vote is conducted. An alteration or improvement pursuant to this paragraph shall not alter the fractional

interest appurtenant to each Unit in the common elements and such interest shall remain as before, irrespective of whether the owner voted in favor of or against the alteration or improvement.

ARTICLE X

CONDITIONS OF AND RESTRICTIONS ON OWNERSHIP, USE AND ENJOYMENT

The ownership, use, occupation and enjoyment of each Unit and of its appurtenances and of the common elements of the regime shall be subject to covenants, conditions, easements, or other encumbrances of record and to the provisions of the Bylaws and Articles of Incorporation of the Association and of this Declaration, all of which provisions, irrespective of where set forth or classified as such, shall with equal status constitute such a covenant, condition, restriction, and requirement as shall be enforceable and binding as a covenant, condition, restriction or requirement running with the land and shall be binding on and enforceable against all Units and the owners thereof and their respective assigns, lessees, tenants, occupants, and successors in interest. The following particular covenants, conditions, restrictions and requirements are hereby noted and set forth:

1. No owner of a Unit shall convey, mortgage or lease such unit unless and until all sums due the Association by way of assessment of any kind or other charge and whether evidenced by recorded liens or not are currently paid and not delinquent and in the event of delinquency the grantee, mortgagee or lessee, if notified thereof before paying or disbursing to the owner, shall apply the proceeds of such transaction first to payment of the delinquent amounts before payment of any of same to the owner. The Association shall in any event issue a written statement under signature of an officer or management contractor to such grantee, mortgagee or lessee verifying the status of all assessments or charges affecting the Unit, which statement, if to the effect that there are no delinquencies or payment of delinquencies as shown thereon, shall constitute conclusive evidence of compliance with this paragraph.

2. No Unit owner may paint or in any manner decorate the exterior facade of the walls or add or connect equipment, structures or facilities thereto (including, but not limited to, satellite dishes of any kind) or erect any For Sale or other sign or otherwise disturb or affect the same.

3. The owner of each Unit covenants and agrees not to engage in or permit any activity or condition as would cause a termination of or increase the premium for insurance carried by the Association.

4. In accordance with the right of entry reserved in Article VIII, paragraph 4, each Unit owner shall deposit with the Association, if required by it, a key to the Unit and consents that, in the case of any emergency originating in or threatening a Unit, the Board of Directors of the Association or any person authorized by it may enter the Unit for the purpose of remedying or abating such emergency whether the owner is present or not.

5. No animal pens, sheds, fences or other outbuilding or structure of any kind shall be erected by a Unit owner on any common area. No activity is allowed which unduly interferes with the peaceful possession and the proper use of the property by its owners. No fire hazard or unsightly

accumulation of refuse is allowed. All laws, ordinances and the regulations of governmental bodies shall be observed by the owners and the Association.

6. No boat, trailer, motor home, or recreational vehicle shall be parked upon the common elements for more than twenty-four (24) hours during any consecutive seven (7) day period. No mechanical repairs to any vehicle shall be performed upon the common elements (such activities shall be confined to garages). Each Unit owner covenants and agrees with all other Unit owners to repair and maintain, rebuild and reconstruct his own Unit and keep the same in good repair for the benefit of all such other owners, as may be required and applicable, and to pay his separately metered utility expenses.

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

8. The Association, acting through its Board of Directors, shall have power to adopt and enforce all reasonable rules, restrictions and regulations relating to the use, occupancy and enjoyment of the condominium property, and without limiting the scope of the Board's authority, the following in particular shall govern: The Board (a) may approve temporary structures, the same being otherwise prohibited, (b) may regulate or prohibit the ownership and use of pets, motorcycles or other power driven equipment, (c) may prohibit the use of flags, banners and grills on a patio or balcony and (d) may permit the enclosure of a balcony or patio area, the same being an alteration or improvement otherwise not permissible without approval by the Board of Directors. In order to enhance the exterior appearance of the Buildings, all window coverings having an exterior exposure shall be lined in white unless the Board otherwise permits.

9. Units shall be used and occupied for single family dwelling purposes only. No more than two (2) adults and two (2) children, or two (2) adults may use and occupy a Unit at any one time. 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.

10. Cats may be kept on the property, except the total number of cats per unit shall not exceed two. 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.

ARTICLE XI

PROCEDURE IN THE EVENT OF DAMAGE OR DESTRUCTION

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. 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.

2. A vote and determination to repair, rebuild, restore or reconstruct made pursuant to paragraph 1 of this Article (but not a presumed determination pursuant to paragraph 3 next following) may be recalled and superseded as follows: After the bids for the necessary work have been taken and the amount of insurance proceeds or other funds available for the work are known, and if the total amount of the resulting assessment as will be required to finance the work exceeds ten percent (10%) of the precasualty value of the entire condominium property at the time of the casualty, then the Board of Directors shall call a special meeting of the members of the Association to consider under such circumstances whether or not the property in question shall be restored, rebuilt, repaired or reconstructed; the work shall in such event be done only if seventy-five percent (75%) rather than two-thirds (2/3) of the total number of votes outstanding and entitled to be cast are cast in favor of the proposed action, and if the work is not thus authorized, the original determination shall stand rescinded and superseded, and the entire condominium property shall be deemed to be owned in common by the Unit owners with the same effect as in the case of a negative vote pursuant to paragraph 1 of this Article.

3. All damage or destruction of a minor character shall be repaired, rebuilt, reconstructed or restored by the Board of Directors of the Association or a Unit owner, as applicable, without necessity of formal vote or determination. Minor damage or destruction shall include, but not be limited to, such as can be reasonably repaired, restored, rebuilt or reconstructed within thirty (30) days after the applicable occurrence (exclusive of delays or interruptions resulting from lack of available contractors, labor, materials, or funds). In the event of doubt whether damage or destruction is minor, or in any case, one-third (1/3) of the Board of Directors or owners who are entitled collectively to cast at least twenty-five percent (25%) of the total number of votes outstanding and entitled to be cast may call for a special meeting or referendum for a vote and determination of whether to repair and the like pursuant to paragraph 1 of this Article and the determination thus made shall control irrespective of whether the damage or destruction might have otherwise been treated as minor, provided in all cases that if no formal vote and determination has been taken and made within thirty days of the date of the

damage or destruction in question, it shall be conclusively presumed and in particular for purposes of Section 499B.16 of the Code of Iowa that the Association and Unit owners have in fact determined to rebuild, repair, restore or reconstruct, as the case may be.

4. Unless this Declaration is amended to provide otherwise, all repair, rebuilding, restoration, or reconstruction of the property shall contain the same number of Units, and be substantially in accordance with the plans and specifications of original construction, as available from the exhibits hereto and plans on file with the office of the County Recorder, Linn County, Iowa, and the fractional interest and other appurtenances to each Unit after such repair, rebuilding, restoration, or reconstruction shall be the same as before. An amendment of the plans and specifications as contemplated above, must be adopted by unanimous consent, pursuant to paragraph 1 of Article XII.

5. The provisions of this Article are intended to govern in the event of damage or destruction resulting from an occurrence or casualty which although to be broadly construed may be distinguishable from maintenance in the sense of remedying ordinary wear and tear, as referred to in Article IX, and in any event paragraph 4 and the other provisions of this Article shall not govern in the event of reconstruction, rebuilding or restoration necessitated on account of long term obsolescence or condemnation of any Unit within the regime.

6. Except as provided herein, in the case of damage or destruction of other than a minor character, unless at least two-thirds (2/3) of the owners of Units (other than Developer) have given their written consent, the Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the condominium project;

(b) change the pro rata interest or obligations of any Unit for the purpose of: (i) levying assessments or changes or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the common elements;

(c) use hazard insurance proceeds for losses to any condominium property for other than the repair, replacement or reconstruction of such condominium property.

This paragraph shall not prevent Developer from exercising its vote against the actions described in this paragraph. Further, the provisions of this Declaration which call for a larger percentage of votes of Unit owners to take any action described in this paragraph shall control over the provisions of this paragraph.

Unless the condominium project is no longer owned in the form of a condominium, the common elements may not be abandoned, partitioned, subdivided, renumbered, sold or transferred. However, the granting of easements by the Association for utilities or for other public purposes consistent with the use of the common elements for condominium purposes shall be permitted.

ARTICLE XII

AMENDMENT

Amendment of this Declaration and the necessity therefor shall be governed by the following:

1. Fractional Interest. The fractional interest in the common elements appurtenant to a Unit, except as provided in Section VI(3), may be amended only by unanimous consent of all Unit owners and their mortgagees, provided, in the event of condemnation of any Unit or of long-term obsolescence, the same may be adjusted and may be amended as provided in paragraph 4 of this Article.

2. Contracts Excepted. No lawful agreement entered into by the Association shall require an amendment of this Declaration, provided the same is not in conflict herewith.

3. Developer's Rights. Neither Article VI nor any other provisions of this Declaration affecting the rights of the Developer shall be subject to amendment without the written consent of Developer and any attempt to so amend this Declaration without such prior written consent shall be null and void.

4. General Procedure. Except as otherwise provided in this Article, this Declaration may be amended other than pursuant to an amendment to the Bylaws:

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

(b) By the owners acting through the Association and in accordance with the procedures of its Bylaws at a regular or special membership meeting as to which notice of the proposed amendment has been given and upon the favorable vote of seventy-five percent (75%) of the total number of votes outstanding and entitled to be cast. No amendment shall be adopted at variance with that proposed in the notice, but the notice may contain more than one proposed amendment. Approval of the Board of Directors is not required of an amendment thus adopted.

5. Execution and Recording. An amendment pursuant to paragraph 1 or paragraph 4(a) of this Article shall be effective when executed and acknowledged by all owners and mortgagees, as the case may be, with the formalities of a deed and recorded in the Recorder's Office, Linn County, Iowa. An amendment adopted pursuant to paragraph 4(b) shall be effective when a certificate of its due and proper adoption containing the provisions of the amendment is executed in the name of the Corporation by its President or a Vice-President and Secretary or an Assistant Secretary with the formalities of a deed and acknowledged as having been thus executed by authorization of the owners as herein provided, and is recorded in the Recorder's Office, Linn County, Iowa.

ARTICLE XIII

EFFECTIVE DATE; POSSESSION OF COMMON ELEMENTS; CONDEMNATION AND OBSOLESCENCE; PARTITION; SEVERABILITY; ARTICLES OF INCORPORATION AND BYLAWS OF ASSOCIATION; CHAPTER 499B, CHAPTER 504A, CODE OF IOWA

1. Effective Date of Fractional Interest. The fractions of ownership interest in the common elements referred to in this Declaration shall come into being and take effect at such time as this Declaration has been recorded and thereafter exist for all purposes irrespective of any actual occupancy or use and whether the Units are sold or not.

2. Possession of Common Elements. Each Unit owner, the Developer, and the Association may use the common elements other than the limited common elements for the purposes for which they are maintained, but without hindering or encroaching upon the lawful rights of other users.

3. Condemnation and Obsolescence. The contingencies of condemnation and long-term obsolescence have not been provided for in this Declaration and may be governed by appropriate amendments to this Declaration and/or by Bylaws as the case may be.

4. Partition. The common elements shall remain undivided and neither a Unit owner, nor any other person or organization may bring an action for the partition or division of the whole or any part thereof with or without sale, except in connection with removal of all of the property from the regime pursuant to Section 499B.8, Code of Iowa, as the same now exists or may hereafter be amended, or a specific determination not to repair, reconstruct, or rebuild with the consequences set forth in Section 499B.16 thereof.

5. 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.

6. Articles of Incorporation and Bylaws of Association. The provisions of the Articles of Incorporation of the Association and the Bylaws of the Association attached hereto are by reference incorporated herein and are a part of this Declaration the same as if they were fully set forth herein and the owners of Units are bound thereby.

7. Chapters 499B and 504A, Code of Iowa. Wherever herein reference is made to Chapter 499B or any section thereof, or Chapter 504A or any section thereof, Code of Iowa, it is intended that such reference shall include the provisions of such Code sections as they now exist or may hereafter be amended, and if a question arises thereunder at some time in the future, the specific section of the Code in its then form shall be applied.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed this _____ day of November, 1999.

J.D. & D., L.C.

By: DARRYL T. HIGH, Member

STATE OF IOWA)
) ss.
COUNTY OF LINN)

This instrument was acknowledged before me on this 19th day of November, 1999, by DARRYL T. HIGH.

MICHELE M. BUSSE, Notary Public

NOTARIAL SEAL IOWA

MICHELE M. BUSSE

Book 4010 Page 648

For large drawing of

" Exhibit B - Lot 1 Viola-Mar First Addition to the City of Marion"

See envelope 412 B

4th Cabinet

Book 4010 Page 649

For large drawing of

"Final Plat Viola-Mar First Addition
to the City of Marion,
Linn County, Iowa"

a part of NE1/4 NE1/4 36-84-7

See envelope 518A

4th Cabinet

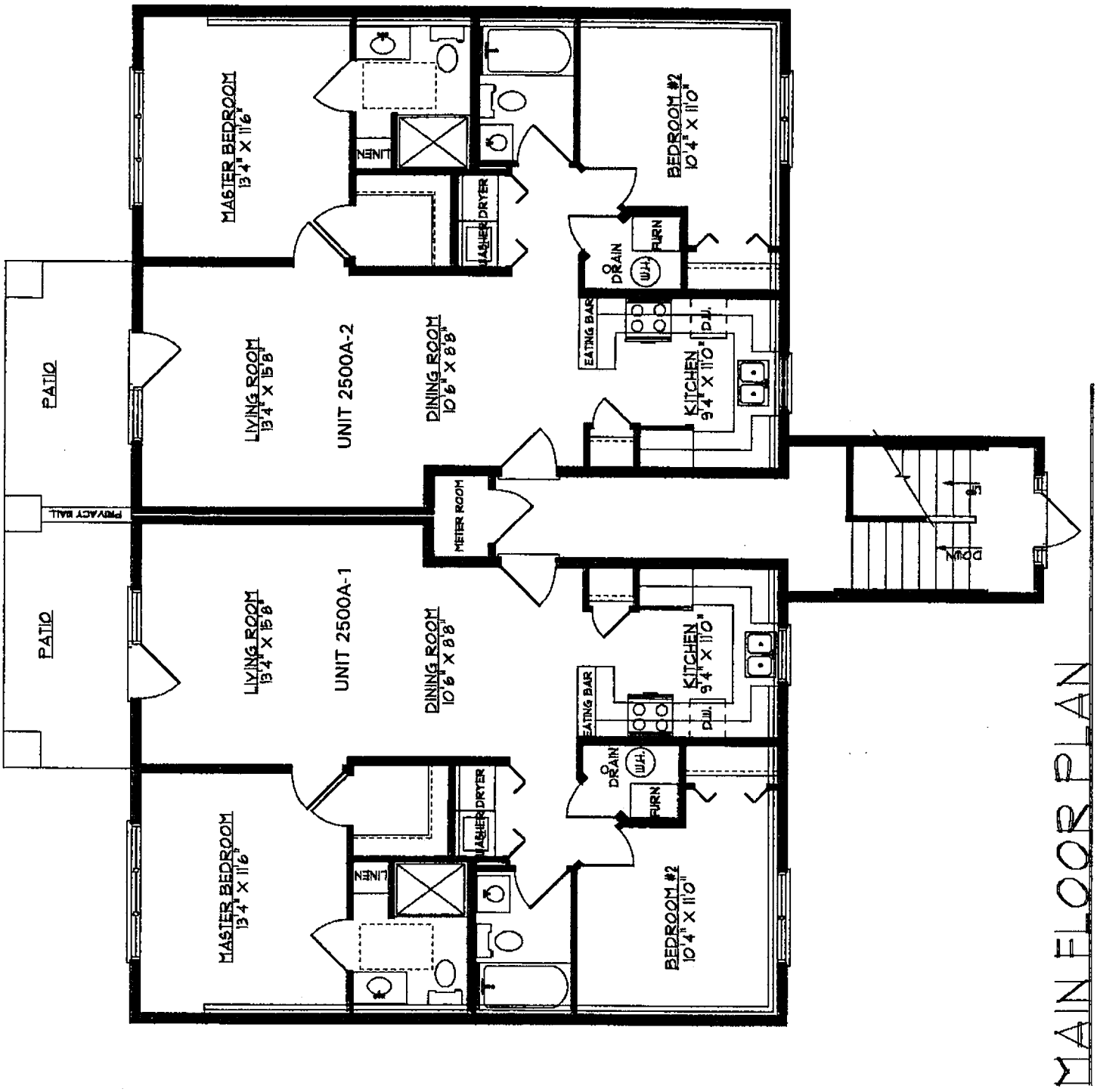


EXHIBIT C (Page 1)

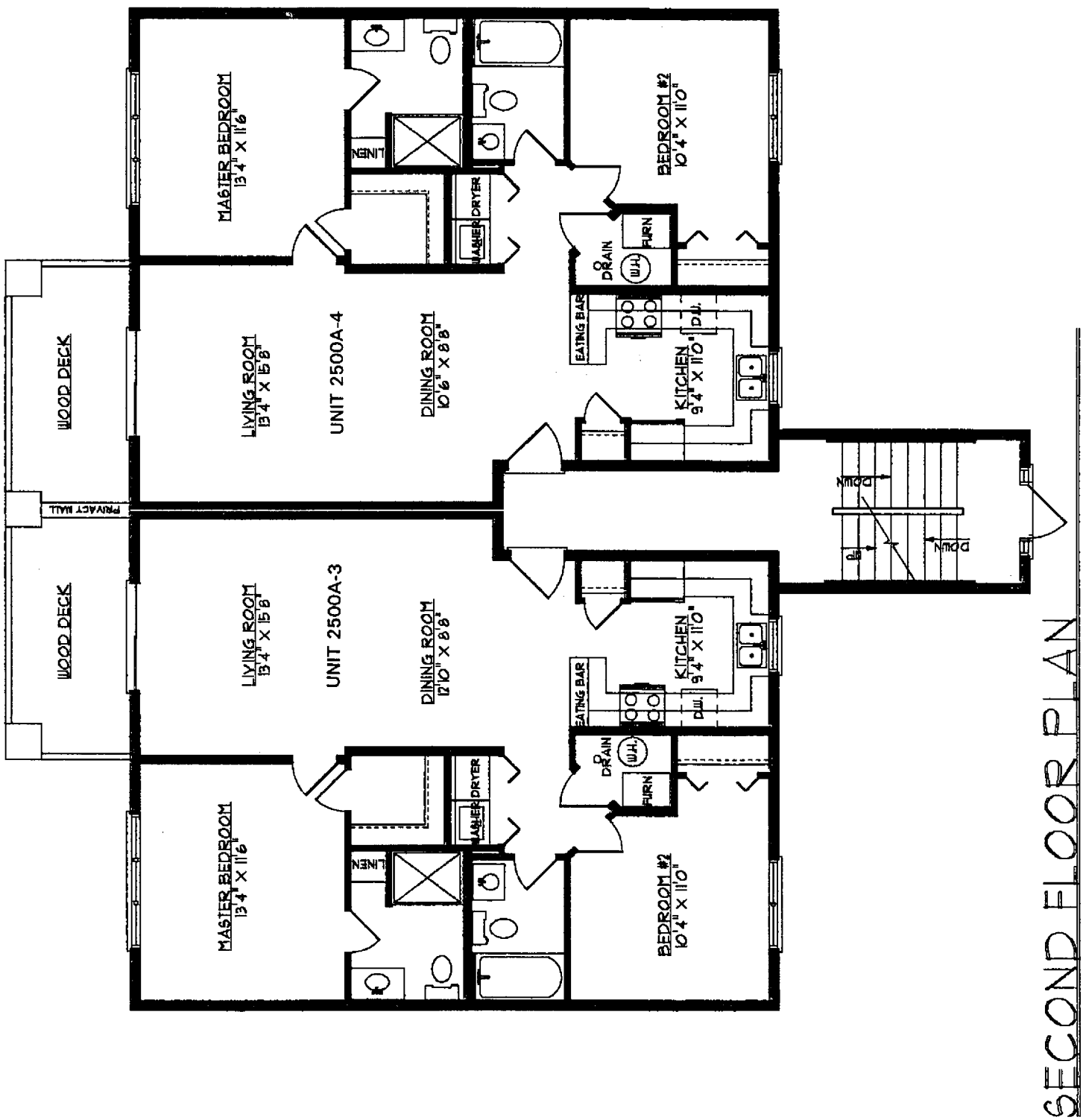
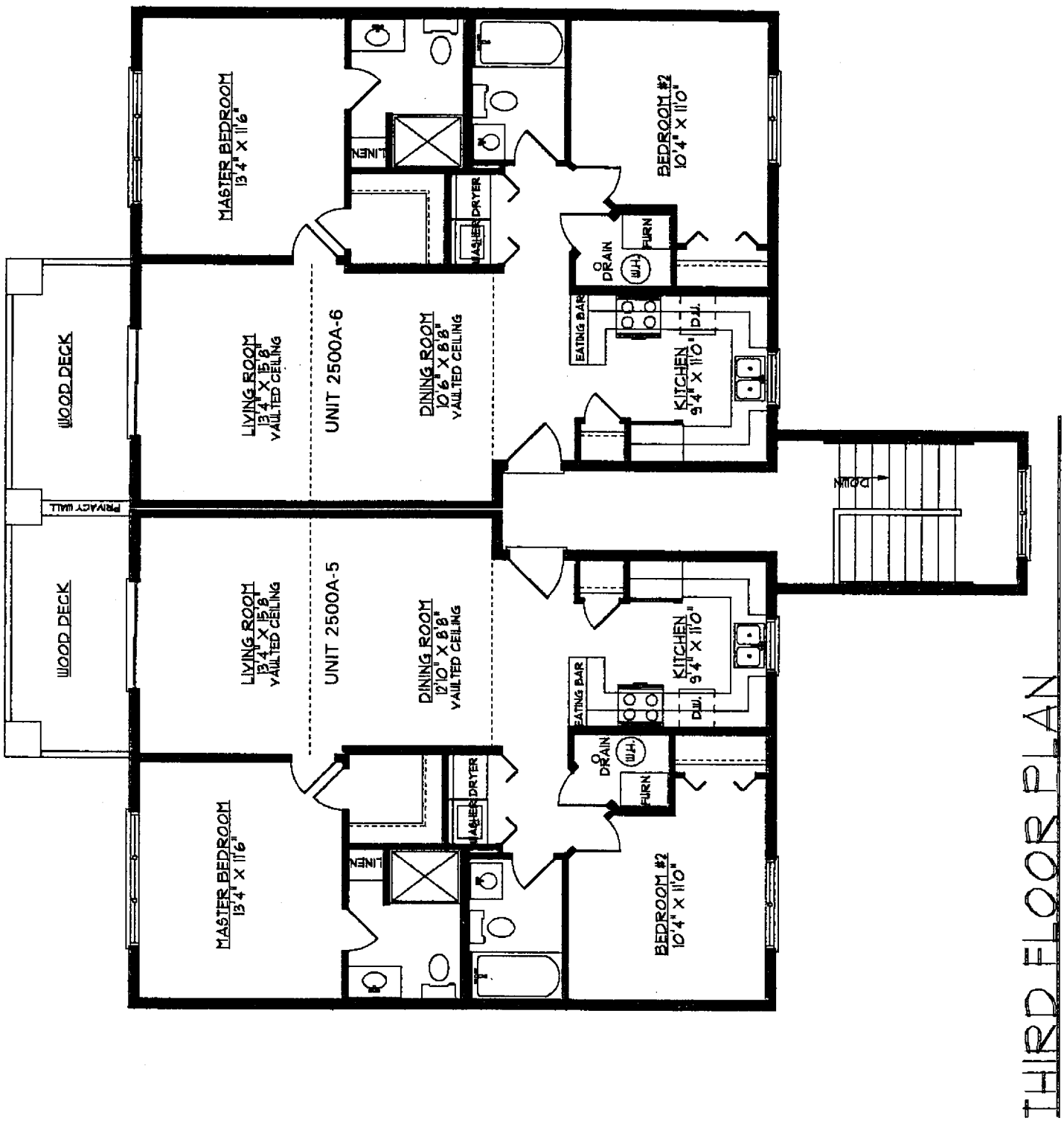


EXHIBIT C (Page 2)



THIRD FLOOR PLAN

EXHIBIT C (Page 3)

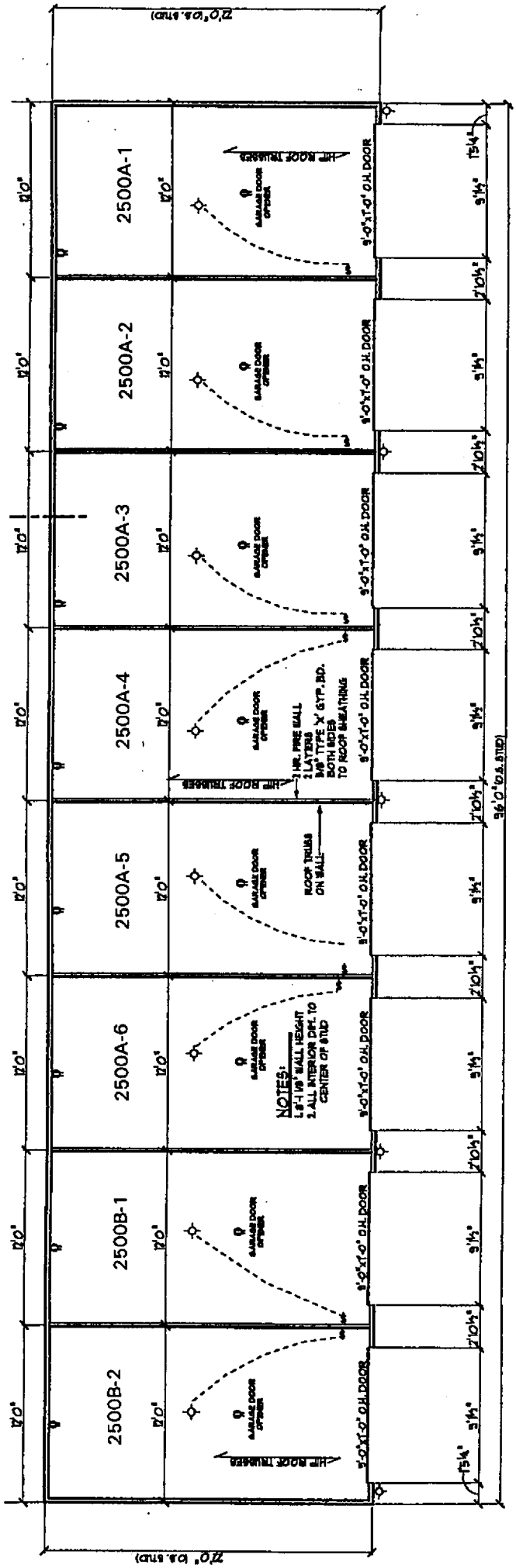


EXHIBIT C (Page 4)

This Exhibit consists of building plans, which are on file separately at the Office of the Linn County, Iowa, Recorder.

EXHIBIT D

Book 4010 Page 655

for Exhibit D to Declaration of (Pg 1)
Submission of property to
Horizontal Regime for
Magnolia Lane, a Condominium
See Envelope 4128 4th
Cabinet

Book 4010 Page 656

For Exhibit D- Page Two to Declaration of Submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Main Floor Plan

See envelope 412B 4th cabinet

Book 4010 Page 657

For Exhibit D — Page 3

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Second Floor Plan

See envelope 412B 4th Cabinet

Book 4010 Page 658

Exhibit D - Page 84

Declaration of Submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Third Floor Plan

See envelope 412B 4th Cabinet

Exhibit D - Page 5

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Foundation Plan

See envelope 412B 4th Cabinet

Book 4010 Page 100

Exhibit D - Page 6

Declaration of submission of property to Horizontae Property Regime for Magnolia Lane, a Condominium.

Rear Elevation

See envelope 412B 4th Cabinet

Exhibit D - Page 7

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Left Elevation

See envelope 412B 4th Cabinet

Book 400 Page 1662

Exhibit D - Page 8

Declaration of submission of property to Horizontae Property Regime for Magnolia Lane, a Condominium.

Roof Plan

See envelope 412B 4th Cabinet

Exhibit D - Page 2-1

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Garage Elevations

See envelope 412B 4th Cabinet

Book 4010 Page 664

Exhibit D - Page 2-2

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Garage foundation Plan

See envelope 412B 4th Cabinet

Book 4010 Page 165

Exhibit D - Page 2-3

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Garage Elevations

See envelope 412B 4th Cabinet

Exhibit D - Page 2-4

Declaration of submission of property to Horizontal Property Regime for Magnolia Lane, a Condominium.

Garage foundations

See envelope 412B 4th Cabinet

CERTIFICATE

I hereby certify that the final plat of Viola-Mar First Addition to the City of Marion, Linn County, Iowa, submitted to the Horizontal Property Regime and the legal descriptions of real estate and easements contained in the Declaration of Submission of Property to Horizontal Property Regime for Magnolia Lane, a Condominium, located in Marion, Linn County, Iowa, to which this Certificate is attached, accurately depict the legal description and the location and dimensions of Magnolia Lane Buildings and other improvements, and limited and general common elements situated on the lands as thus described, and also accurately depicts all easements as they exist on the date hereof.

I certify that the Site Plan identified as Exhibit B, and the surveys of the floor plans identified as Exhibit C and attached to the Declaration, depict and describe, respectively, as stated thereon, the approximate location of the Buildings, the location of each Unit within the Buildings, the number of rooms for each Unit and the approximate dimensions thereof, the common area to which each Unit has access, and the location of all common elements affording access to each Unit, all as they now exist on the date hereof.

I certify that I am a duly licensed land surveyor under the laws of the State of Iowa.

DATED this 18th day of November, 1999.

DANIEL L. JOHNSON
L.S. #11954

LAND SURVEYOR
Daniel J
Johnson
11954
IOWA

EXHIBIT E

PRINCIPAL MATERIALS

Foundation footings are of poured reinforced concrete. The first, or ground level floor is a reinforced concrete slab 4" thick. The fill under the slab is gravel/clean rock with 98% compaction. Exterior concrete walls, 8" think with reinforced steel rods. Floor framing is engineered floor trusses with 3/4 " o.s.b. and 3/4 " gypcrete sound proofing (2nd and 3rd floor only).

Typical exterior wall is 5/8" gypsum board throughout, over vapor barrier and R-19 insulation between 2"x6" studs; 7/16" OSB sheathing. Vinyl siding, aluminum soffit and gutter material.

Interior partitions are 2 x 4 studs at 16" o.c. with 5/8 "gypsum board throughout.

Roof system is pre-engineered wood trusses throughout, 24" o.c. Ceilings are 5/8" sheetrock or 5/8" sheetrock with metal channel and R-38 insulation at level 3. Level 1 and 2 are 5/8 sheetrock with R-11 sound bat insulation and ½" sound board.

Roofing is 220# asphalt shingles, nailed, over one layer building felt with ventaridge ventilation.

Vinyl windows with double-insulated glass. Interior doors are 1-3'8" hollow core oak. Interior trim to match doors. Windows are wrapped openings with 3 sides painted with enamel paint, oak sills.

Kitchen contains cabinets, cultured marble countertops, electric range, refrigerator, dishwasher, garbage disposal, and microwave.

Bathrooms include (1) tub/shower module, (1) shower module, lavatories, and water closets.

Flooring coverings are vinyl with underlayment and carpet with ½" rebond pad.

Unit has gas-fired forced air furnace, central cooling system, in solid duct work, drains, and fire dampers per code. 40 gallon gas water heater and drain per code. Individual items include: encased copper wiring throughout, intercom system to common front door w/entry lock release, pre-wired cable TV outlets, pre-wired telephone outlets, venting for bath fans, dryer, furnace and water heater. Washer/dryer (gas) hookup, smoke detectors and bathroom vent fans per city code.

Ground floor units include a 8'x14' concrete patio, Units at upper levels include a wood deck w/railings.

Drives are 4000 PSI concrete or asphalt paving.

Garages are 1 stall, 2x4 studs at 16" o.c. with 7/16" OSB sheathing on exterior walls and 5/8" Type "X" gypsum board throughout. Exterior garage walls have vinyl siding, aluminum soffit, gutters and downspouts. Roofing is 220# asphalt shingles nailed, over one layer building felt. Roof system is pre-engineered wood trusses throughout, 24" o.c. Garage doors are metal with locking mechanism.

UNIT NUMBER	AREA (SQ. FT.)	FRACTIONAL INTEREST IN COMMON ELEMENTS
2500A-1	976-Main Level	1/6
2500A-2	976-Main Level	1/6
2500A-3	976-Second Level	1/6
2500A-4	976-Second Level	1/6
2500A-5	976-Third Level	1/6
2500A-6	976-Third Level	1/6

ARTICLES OF INCORPORATION

OF

MAGNOLIA LANE OWNERS ASSOCIATION, INC.

To the Secretary of State of the State of Iowa:

The undersigned, acting as sole incorporator of a corporation under the Iowa Nonprofit Corporation Act under Chapter 504A of the 1999 Iowa Code, adopts the following Articles of Incorporation for such corporation:

ARTICLE I

Name

The name of this corporation is MAGNOLIA LANE OWNERS ASSOCIATION, INC. and it is incorporated under Chapter 504A of the 1999 Iowa Code.

ARTICLE II

Purpose and Powers

(a) The purpose of the corporation is to provide an entity for management of the affairs of and to act as the council of co-owners for that certain horizontal property regime, commonly known as a condominium complex; created and submitted pursuant to the provisions of Chapter 499B, Code of Iowa, known as "Magnolia Lane, a Condominium" (hereinafter sometimes referred to as Regime) and to be located on all or certain portions of the following described real estate situated in Linn County, Iowa, to-wit:

LOT 1, VIOLA-MAR FIRST ADDITION TO THE CITY OF MARION, LINN 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, Code of Iowa, and as are granted or implied by the Declaration of Condominium establishing said Regime, and all of such powers shall likewise constitute lawful purposes of the corporation.

(b) In managing the affairs of the said Regime, the corporation may join with the management of any other corporation(s) managing a Horizontal Property Regime(s) in securing or providing services or facilities common in whole or in part to both or all, and in discharging the expense thereof.

(c) The purposes of the corporation are not for private profit or gain and no part of the corporation's activities shall consist of carrying on political propaganda or otherwise attempting to influence legislation, and the corporation is expressly prohibited from making any distributions of income to its members, directors, or officers, although members, directors, or officers may be reimbursed for expenses incurred while conducting the affairs of the Corporation. No dividends shall be paid to members at any time.

(d) If the Declaration of Condominium is amended for the purpose of submitting further land and buildings to the same Horizontal Property Regime that established Magnolia Lane Owners Association, Inc., this corporation shall function with respect to the affairs of the additional land and building(s) submitted to the Regime as if such land and building(s) had originally been submitted to the Regime and shall have the same powers and purposes over the Regime as enlarged as it had over the original Regime as submitted.

ARTICLE III

Registered Office and Agent

The address of the initial registered office of the corporation is 1500 Center Street, N.E., Cedar Rapids, Iowa 52402, and the name of its initial registered agent at such address is DARRYL HIGH.

ARTICLE IV

Board of Directors

The number of directors constituting the initial Board of Directors of the corporation is two (2), and the names and addresses of the persons who are to serve as the initial directors are:

DARRYL HIGH
1500 Center Street, N.E.
Cedar Rapids, IA 52402

DAVID TIGGES
3625 Johnston Way
North Liberty, IA 52317

The initial Director shall not be subject to removal until his term expires as provided in the Bylaws. 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 V

Incorporator

The name and address of the incorporator is: DARRYL HIGH, 1500 Center Street, N.E., Cedar Rapids, IA 52402.

ARTICLE VI

Bylaws

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

ARTICLE VII

Members and Voting

Persons who from time to time own condominium units or proposed units submitted to the Regime, whether completed or uncompleted, shall be members of the corporation for so long as such persons own such units or proposed units, all of which rights and obligations thereof shall be governed by the provisions of the Bylaws to be adopted as provided in Article VI. 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 remaining for distribution, if any, shall be distributed to the members in accordance to their proportionate share of the ownership units existing in the condominium Regime, as determined by the Declaration of Condominium and/or the Bylaws which distribution shall not be deemed to be a dividend or distribution of income.

ARTICLE IX

Amendment

Article VI, VII, and VIII hereof shall be amended only by unanimous vote of all of the members of the corporation. Any other amendment to these Articles may be made as provided in Chapter 504A of the 1999 Code of Iowa and amendments thereto, except any in conflict with or contrary to the provisions of the Declaration of Condominium in the form adopted or as later amended submitting lands and Units to the Regime shall be void and of no force and effect.

Executed and dated at Cedar Rapids, Iowa, this 8th day of November, 1999.

DARRYL HIGH, INCORPORATOR

STATE OF IOWA)
) ss.
COUNTY OF LINN)

On this 8th day of November, 1999, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared DARRYL HIGH, to me known to be the identical person named in and who executed the within and foregoing Articles of Incorporation, and acknowledged that he executed the same as his voluntary act and deed.

Michele M. Berg
Notary Public in and for the State of Iowa

BYLAWS

OF

MAGNOLIA LANE OWNERS ASSOCIATION, INC.

(A nonprofit Iowa corporation
organized under Chapter 504A
Iowa Code)

ARTICLE I

Scope and Definitions

1. The following are Bylaws of MAGNOLIA LANE OWNERS ASSOCIATION, INC., a nonprofit corporation organized under Chapter 504A, Code of Iowa, which govern the council of co-owners of Magnolia Lane, A Condominium, situated in Marion, Linn County, Iowa.

2. The term "regime" means the horizontal property (condominium) regime known as Magnolia Lane, A Condominium, and situated and located on the following described real estate situated in Linn County, Iowa, to-wit:

LOT 1, VIOLA-MAR FIRST ADDITION TO THE CITY OF MARION, LINN COUNTY, IOWA

3. The term "person" shall include a corporation, trust or other entity or representative. All references in the plural or singular shall include the other according to context, and all references to gender shall include male, female or neuter according to context.

ARTICLE II

Members and Voting Rights

1. Subject to the qualifications set forth in paragraph 2 below, the owners of record of the Units lawfully submitted to the regime shall constitute the members of the corporation, and membership shall automatically cease when the record ownership of such Unit is terminated. The developer of the regime shall be a member and have the rights of membership with respect to and completed but unsold Units that have been submitted to the regime.

2. If ownership is acquired or terminated by instrument of transfer but not of record, or, if acquired or terminated other than by way of instrument of transfer (such as by death, judicial act or dissolution), the person acquiring or succeeding to ownership shall present to the Board of Directors of the corporation evidence satisfactory to it of facts evidencing lawful ownership status. A fiduciary or other official acting in a representative capacity shall exercise all membership rights and privileges of the owner or property right in respect to which he is serving.

3. If more than one person owns an interest in the same unit, all such persons 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 or persons named on a certificate signed by all owners

or fiduciaries or other officials. If such certificate is not executed and filed with the Association, the number of votes entitled to be cast with respect to that Unit shall not be counted or voted for purposes of a quorum or in determining the outcome of any vote unless all owners, or fiduciaries, or officials are present and concur in the casting of such votes. This restriction, however, shall not affect the total number of votes outstanding and entitled to be cast which shall be equal to the number of Units in the regime, nor shall it affect any percentage of such total number of votes as is required for any purpose as set forth in any of the condominium documents.

4. The total number of votes outstanding and entitled to be cast by all members is equal to the number of Units in the regime. Each member shall be entitled to one (1) vote on all matters to be determined by the members of the corporation either as such or as owners. If there is more than one owner, the owners shall be entitled to one (1) vote collectively.

ARTICLE III

Membership Meetings

1. The annual meeting and any special meeting shall be held within Linn County, Iowa, and all such meetings, annual or special, shall be held at such particular time and place (which may or may not be at the registered office of the corporation), as is set forth in the Notice thereof.

2. At any annual or special meeting, the presence of members, in person or by proxy, who are entitled to cast a majority of the total number of votes outstanding as determined by the Declaration shall constitute a quorum for the transaction of business. All action taken by the members or submitted to them for consideration shall be carried or approved upon the favorable vote of a majority of the votes represented and entitled to be cast at the meeting unless a different rule is provided herein or by the Articles of Incorporation, the Declaration of Condominium, Bylaws or any agreement to which the Association is a party. If neither the President nor Vice-President is available to preside, a chairman shall be elected.

3. A special meeting of the members may be called by the President or, in the event of his absence or disability, by the Vice-President, or by one-third (1/3) of the directors or by such number of members who are entitled collectively to cast at least twenty-five percent (25%) of the total number of votes outstanding and entitled to be cast.

4. It shall be the duty of the secretary or his designate to give written notice to members of the time and place of the annual meeting. The person or persons calling a special meeting pursuant to paragraph 3 shall give like written notice of the time and place of such special meeting. All notices shall set forth the purpose or purposes for which the meeting will be held and no action shall be taken at a special meeting which is not directly related to the purposes of the special meeting as defined in said notice.

5. At all meetings the order of business shall consist of the following:

A. Election of chairman, if required.
B. Calling roll and certifying 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 inspectors of election, if applicable.
H. Election of directors, if applicable.
I. Unfinished business.
J. New business.
K. Adjournment.

Robert's Rules of Order shall govern unless specifically superseded.

6. At all membership meetings, the presence of an owner and the exercise of the voting rights of the owner by proxy shall be permitted and recognized, provided such proxy must be in writing and signed by all persons possessing an ownership interest in the Unit in question and shall set forth the period for 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 members.

7. Notice shall be given by mailing or delivering the same not less than ten (10) nor more than fifty (50) days prior to the date of the meeting. A mailed notice shall be duly given if addressed to the member at the address of his Unit within the condominium regime, unless at the time of giving of such notice, he has in writing directed a different mailing address to be carried on the rolls of the corporation. Where a Unit is owned in common or jointly, notice is duly given to the person named in the certificate required by paragraph 3 of Article II.

8. The annual meeting of the members shall be held on the second Wednesday in November each year at 8:00 p.m., local time, provided the first annual meeting shall not be held until such date in the year 2001, provided the initial Board of Directors may call an annual meeting prior to such date if such Board elects, all pursuant to the provisions of the Declaration of Condominium in which the Developer as the initial Board of Directors has retained the right to name all directors until such time. The provisions of this paragraph shall not inhibit the calling or holding of any special meeting.

ARTICLE IV

Board of Directors

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 be two years or shorter if the initial directors resign prior to the end of their two-year terms. The initial Board need not be members of the corporation. At the expiration of the term 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. From and after the expiration of the term of the initial directors, the Board of Directors shall be three (3) in number. At such time, the full complement of three (3) directors shall be elected. Thereafter the term of office for each director shall be three (3) years, except following the expiration of the term of the initial directors one (1) director shall be elected for a one (1) year term, one (1) director shall be elected for a two (2) year term, and one (1) director shall be elected for a three (3) year term so that at each annual meeting thereafter the terms of office of one-third (1/3) of the Board shall expire and a new director shall be elected accordingly, but there shall be no limitation on the number of terms during which a director may serve. All directors shall serve until their successors are duly designated and qualified.

3. Election of directors shall be by ballot in which votes are cast in favor of as many directors as there are vacancies to fill. The person receiving a majority of the votes cast shall be elected. If no person receives a majority vote, as many additional ballots shall be taken as may be required and in each such case, the nominee receiving the least number of votes in the previous ballot shall be eliminated from further consideration.

4. Vacancies in the Board of Directors may be filled until the date of the next annual meeting by vote of the majority of the directors remaining in office, whether those remaining constitute a quorum or not.

5. The initial directors shall not be subject to removal. Thereafter a director may be removed from office at a special meeting called for such purpose if seventy-five percent (75%) of the total number of votes outstanding and entitled to be cast are voted in favor of such removal.

6. A majority of the Board of Directors may, by resolution, set a time and place for regular meetings of the Board of Directors and no notice thereof shall be required until such resolution is rescinded. Special meetings of the directors may be called by the President or any two (2) directors. 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.

7. The Board of Directors, by resolution approved by all members thereof, may designate from among its membership an executive committee or other committees and by such resolution provide the extent and manner to which the same may have and exercise the authority of the Board.

ARTICLE V

Officers

1. The officers of the Corporation shall be the President, who shall be a director, a Vice-President, who shall be a director, a Treasurer and a Secretary, who may or may not be directors but who must be members, all of whom shall be elected annually by the Board of Directors, except that the initial officers and their successors shall be chosen by the initial Board of Directors and shall serve until the expiration of the term of the initial Board of Directors, and the initial officers need not be members of the Corporation. 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. More than one office may be held by a single person.

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

3. The Vice-President shall preside over 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 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 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.

5. The Treasurer shall have control of the funds and other property of the Association, shall keep the financial books and records thereof and shall pay vouchers approved by the Board or designate some person under his control to do so.

6. 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 from contracting with a director for management of the condominium.

7. Any deed or contract for sale of real estate or lease (or assignment of such contract or lease) may be executed by the President or Vice-President and any officer other than the President or Vice-President. Any lien held by the Association may be released by any of the officers of the Association. The Board of Directors may, in addition, authorize the execution of the kinds of instruments above mentioned or other instruments required to be executed on behalf of the Association in such manner as it shall by resolution direct.

ARTICLE VI

Powers and Duties of the Board of Directors

All of the powers and duties of the corporation (including those existing under the common law and statutes, the Articles of Incorporation, and the documents establishing the Condominium), shall be exercised by the Board of Directors. 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 shall include in addition to those elsewhere provided for, but shall not be limited to, the following:

1. To make and collect assessments against members for all common expenses.

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

3. The maintenance, repair, replacement, and operation of the condominium property including all common areas, elements and facilities, and Units, as applicable and the construction of

new improvements or alterations if authorized, and making or providing for payment for all such work and approving or delegating to the Treasurer authority to approve vouchers therefor.

4. The reconstruction, repair, restoration, or rebuilding of the condominium property and of any Units as applicable after casualty or otherwise.

5. To make and amend regulations restricting the use and occupancy of the property in the condominium and in their discretion to permit or forbid an action or conduct as discretion is committed to them in the condominium documents.

6. To enforce by legal means the provisions of the condominium documents, the Articles of Incorporation, the Bylaws of the corporation and the regulations for the use of the property in the condominium.

7. To contract for management of the condominium and to delegate to such contractor all powers and duties of the corporation except such as are specifically required by the condominium documents to have approval of the Board of Directors or the membership of the corporation; to employ, designate and remove any personnel necessary for the maintenance, repair and replacement of the common areas and facilities.

8. To pay taxes and assessments which are liens against any part of the condominium other than individual Units and the appurtenances thereto, and to assess the same against the Units subject to such liens.

9. To carry insurance for the protection of owners and the Corporation against casualty, liabilities, and other contingencies.

10. To pay the cost of all utility or other services rendered to any of the condominium property which is not billed directly to owners.

11. To interpret and apply the provisions of the condominium documents in matters of dispute between owners or between owners and the Association, which determination shall be binding on the owners; to conduct or supervise all votes or determinations by members other than a membership meeting.

12. To acquire title to and ownership of in the name of the Association Units within the regime upon judicial sale, and on behalf of all owners to sell, lease or mortgage such Units and to borrow funds for any legitimate purpose and to assign as security therefor the assessment receivables due the Association, provided the Board of Directors may in no manner affect or encumber the common elements of the regime or any Unit or the percentage interest appurtenant to such (except such Units and the appurtenant interests thereto as the Association has acquired upon judicial sale) and provided further, the authority of the Board of Directors to borrow in excess of Five Thousand Dollars ($5,000) other than in connection with the mortgage of an acquired Unit to the amount of the loan value thereof shall be exercised only in the event of approval of owners entitled to cast seventy-five percent (75%) of the total number of votes outstanding and entitled to be cast. For purposes of permitted conveyance, lease, or encumbrance of Units or assessment receivables, the Board of Directors shall be regarded as the irrevocable agent and attorney in fact for all owners and members.

ARTICLE VII

Common Expenses; Assessments and Collection

1. The common expenses of the Association include all those legitimately assumed by it in connection with its powers, duties and obligations as set forth in any of the condominium documents and as are necessary or implied in connection with the powers and duties of the Board of Directors and the provisions of Chapter 499B and 504A, Code of Iowa. Snow removal and lawn care in connection with common land and the upkeep of the Building exterior shall be assumed by the Association as common expense.

2. Assessments against the Units and the owners thereof shall be made by the Association in order to provide funds for the discharge of all common expense of the Association, which assessments, in addition to being and constituting a lien against the Unit in question and the appurtenances thereto shall also be a personal liability of the owner thereof and jointly and severally so if more than one owner. All assessments and funds collected therefrom shall be charged or credited to the owner's account. Unless specifically otherwise provided, as for example in the case of "special" assessments, each Unit and owner shall be liable and subjected only to the proportionate share of the total common expense and assessment made therefor as is derived by multiplying the total assessment by the percentage interest of ownership of the common elements which is appurtenant to that Unit, as set forth in Exhibit G to the Declaration of Condominium. Certain common expense for increased insurance premiums provided by Article VIII, paragraph 9, of these Bylaws or on account of the failure of an owner to provide maintenance as provided by Article IX, paragraph 2(c) of the Declaration or other defaults shall be recovered by an assessment made only against a particular Unit(s) and the owner or owners thereof, which assessments are referred to in the condominium documents as "special" assessments and shall be made in the necessary amounts therefor and without regard to the percentage of interest formula. The expense of water service furnished to the condominium property is a common expense but the assessments therefor may be made either according to the percentage interest appurtenant to each Unit or as "special" assessments on some other equitable basis as the Board of Directors may determine.

3. Where a mortgagee or purchaser of a Unit obtains title as a result of foreclosure of a first mortgage, such mortgagee or purchaser, his successors and assigns, shall not be liable for the assessments chargeable to such Unit due prior to the acquisition of title and such unpaid assessment shall thereafter be deemed to be common expenses collectible from all owners, including the mortgagee or purchaser, his 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 whether generally or "specially" levied against said Unit and the grantor or prior owner thereof, but without prejudice to the right of such grantee or devisee to recover from the prior owner the amounts paid therefor.

A first mortgagee, upon request, will be entitled to written notification of any default in the performance of the mortgagor of any obligation created by the Declaration of Condominium, the Articles or any other document affecting the condominium, which default is not cured within sixty (60) days.

4. The Board of Directors shall adopt a budget each year for such one year fiscal period as it elects to report on for income tax purposes which shall include the estimated funds required to defray the following common expenses:

(a) Current expense, which shall include all funds and expenditures to be made within the year for which the funds are budgeted (except expenditures chargeable to reserves or additional improvements), including a reasonable allowance for contingencies and working funds, and the assessment for current expense may sometimes be referred to as the working capital assessment and the funds thereof as the working capital fund. Any balance in this fund at the end of each year may 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 and for replacement of common property required on account of depreciation or obsolescence.

(c) Reserve for replacement, which shall include generally funds for repair, reconstruction and the like required because of damage, destruction, or other hazards.

Upon the determination of such budget, the directors shall each year levy an assessment for the amount to be thus assessed against each Unit at least thirty (30) days prior to the one year period covered by such budget and assessments. Notwithstanding the foregoing requirement of regular assessments, the Board of Directors may discontinue a regular annual assessment or reserve for replacement, or transfer such portion thereof to another fund or account if in its judgment the amount remaining is sufficient to satisfy the best interests of the members.

5. The Board may also make and levy, from time to time, assessments for common emergency or extraordinary expenses. Emergency assessments and "special" assessments shall be due and payable according to the terms fixed by the Board. Funds for emergency expenses may be raised by emergency assessment and/or by regular but separate reserve accounts and assessments for such purposes.

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. 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.

7. At such time contemporaneously with the recording of the Declaration of Condominium or subsequent thereto as the Certificate of Occupancy for a Building has been issued or as the Board of Directors determines, in its discretion, that a Building and improvements have been substantially completed and are ready for occupancy, the Board of Directors shall immediately meet and adopt an interim budget and make such assessments of whatever character as are necessary in order to provide

for the expenses and obligations of the Association as determined by the condominium documents during the period of any fractional calendar year or any fractional fiscal year as may remain until the commencement of the initial one year period contemplated by paragraph 4 of this Article, which assessments shall be effective as of the date of the Certificate of Occupancy or such determination made by the Board.

8. If prior to the date of its first annual meeting the Association requires 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.

9. The share of all sums assessed payable by an owner but unpaid shall constitute a lien on the Unit or of such owner prior to all other liens, except tax liens on the Unit in favor of any assessing unit or special district and all sums payable on a first mortgage of record, which lien may be foreclosed by the Association in the manner and with the consequence provided in Section 499B.17, Code of Iowa. In event of foreclosure the owner shall be required to pay a reasonable rental for the Unit if he remains in possession thereof. The Association may sue for money judgment for unpaid assessments or sums due without foreclosing or waiving any lien which it holds. In event of suit or foreclosure, the Association shall be entitled to collect reasonable attorney fees from owner.

10. The Association shall at all times maintain complete and accurate written records of each owner and the address of each, and setting forth the status of all assessments, accounts and funds pertinent to that owner. Any person other than an 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.

11. Notwithstanding anything to the contrary herein contained, any existing regular annual assessment or common emergency or extraordinary expense assessment may not be increased by more than Fifty Dollars ($50) per month more than unless such increase is approved at a special or annual meeting by a vote provided for in Article III, paragraph 2.

ARTICLE VIII

Insurance Provisions

1. Responsibility for Insurance. Insurance policies on the condominium property and in respect to liability in connection with the use, ownership or operation thereof shall be purchased and paid for by the Association, and the premium expense thereof shall be a common expense of the regime, and the Association, acting through its Board of Directors rather than any individual owner or owners, shall have the responsibility and authority, subject to the further provisions hereof, to adjust any loss or claim in connection therewith to the extent permissible by law.

2. Assured. All such policies shall be purchased by the Association for the benefit of the Association and the owners of Units and their mortgagees as their interest may appear, and provision made where applicable for issuance of certificates of mortgage endorsements to the mortgagees of individual Units. For the purposes of its functions under this Article, the Association may be considered the agent coupled with an interest of all the owners.

3. Coverage to be Afforded. (a) All condominium property, meaning the Units, general common elements and limited common elements, and whether within or without a Unit (excluding only such personal property as may be the sole separate personalty of a member) shall be insured by the Association in an amount equal to the maximum insurable replacement value thereof, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association against loss or damage by fire and other hazards covered by a standard extended coverage hazard or other perils endorsement. Coverage shall also be procured against such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to Buildings similar in construction, location and use to the Building, a Condominium, including but not limited to vandalism, malicious mischief, windstorm, water damage and war risk insurance, if available.

(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 such amounts as shall be required by the Board of Directors of the Association. 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.

(c) Worker's compensation insurance shall be procured as required to meet applicable law.

(d) Such other insurance may be procured as the Board of Directors shall determine from time to time is necessary and reasonable in order to fully insure the condominium property and the Association and owners and their mortgagees against insurable risks.

(e) It is the intent hereof that the Association procure a single policy to afford the coverage referred to except that separate policies may be procured for different types of risks. Such policy or policies, comprehensive in coverage, are sometimes referred to as the master policy.

(f) If agreeable to the insurer the policies procured by the Association shall include provisions that they shall be without contribution or proration and that the doctrine of "no other insurance" shall not apply with respect to insurance procured by owners or their mortgagees; that the conduct or default of any one or more owners will not constitute grounds for avoiding liability under doctrines of warranties, conditions or forfeiture with respect to increase in hazard or vacancy clauses or other conditions or warranties purporting to relieve a carrier of its obligations; for payment of common expenses with respect to damaged Units during the period of reconstruction patterned after "use and occupancy" riders; for sub-policies specifying the portion of a master policy earmarked for each owner's interest; that improvements made to Units by the owners shall not affect the valuation of the property with respect to any claims against owners, the Association, and their respective servants, agents or guests or for the naming of such parties as additional insureds. Reference to all or any of the foregoing provisions is for the purpose of providing flexibility and certainty and is not to be interpreted as constituting an admission that any of the doctrines or rights referred to are applicable or would exist in the absence of a specific provision or waiver referring to the same.

4. Insurance Trustee. The Board of Directors of the Association may provide that insurance proceeds related to property losses (whether from fire and extended coverage or liability proceeds) be paid to an insurance trustee which shall be a bank or other financial institution in Iowa

authorized to serve as such, which insurance trustee, if so designated, shall not be liable for payment of premiums or for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and hold the same in trust for the purpose of adequately safekeeping and properly disbursing the same as determined by adjustment of any loss or any decision of the Association or the Board with respect to repair, reconstruction and the like. Such proceeds shall be held by the insurance trustee in trust for the benefit of the Association and owners and their mortgagees as applicable in such amounts (which need not be set forth on the records of the insurance trustee) undivided in character which are the same as the undivided percentage interest in the common elements appurtenant to the respective Units. The proceeds on account of damage solely to a Unit payable under such policies shall be held for the owners thereof in proportion to the cost of repairing the damage suffered by each such owner as determined by the Board of Directors. The fund held by the trustee shall be disbursed as determined by the Association or its Board of Directors, as the case may be.

5. Proceeds Payable to Association. If proceeds are payable to the Association, the same shall be held and disbursed in the same manner as above provided with respect to an insurance trustee.

6. Use of Insurance Proceeds. Unless the Association in the manner provided for shall specifically make a determination not to repair, rebuild, restore or reconstruct, all insurance proceeds to the extent available shall be used for such purposes. In the event of loss or damage, insurance proceeds available shall be first applied to the repair, replacement, rebuilding, reconstruction or restoration of the common elements and the balance to the repair, rebuilding, replacement, reconstruction or restoration of Units. If the insurance proceeds are in excess of the cost of such work with respect to the common elements, Units, or the common elements only, or the Units only, as the case may be, then such excess proceeds shall be applied and paid by the insurance trustee or the Association, as the case may be, to the owners of all the Units and their respective mortgagees, such distribution to be separately made to the owner of each Unit and his respective mortgagee or mortgagees as their interest may appear in such proportion that the share of such excess proceeds paid to the owner of each Unit (and the said mortgagee or mortgagees, if any) shall bear the same ratio and percentage as is provided in Exhibit G to the Declaration of Condominium.

7. Notice to Owners; Mortgagee Provisions. Each owner shall be entitled to receive from the insurance carrier or the Association by endorsement, or in other written form, information as to the identity of the policies carried by the Association and of effective and expiration dates, policy amounts and notice of any change or cancellation. A mortgagee of an owner shall receive from the carrier and/or Association a memorandum of the insurance carried by the Association and shall be included where applicable by standard mortgagee clause as may be adjusted according to the provisions of the condominium documents and for condominium purposes in the coverage to the extent of its mortgagor's interest. Where the mortgagee of a Unit so requests, all insurance carriers shall be directed to give notice to such mortgagee of any default on the part of the insured and, if agreeable to the carrier, such policies of insurance shall provide by endorsement or otherwise for the benefit of the named mortgagee that, in the event such policy is canceled by the company or the named insured as provided by its terms, such insurance shall continue in force for ten (10) days after notice to such mortgagee of such cancellation and shall then cease.

8. Insurance by Owner. The individual purchase of separate individual insurance coverage by any owner is governed by the following:

(a) Limitations. The provisions set out relative to the purchase of master policies by the Association shall not be construed to prohibit the purchase of an individual policy by a member/owner, but each such owner and member agrees to the following limitations with respect to the purchase of an individual policy for fire and extended coverage: (1) No such individual policy shall be procured which by reason of doctrines of co-insurance, contribution or proration, "no other insurance", subrogation or waiver thereof, warranties, conditions or forfeiture, or otherwise would limit, affect or decrease the coverage and recoverable proceeds under the master policy or invalidate or increase the premium thereof; (2) Such member/owner agrees for his part that the proceeds from any individual policy shall be applied for the purposes of repair, reconstruction, restoration or of rebuilding as determined by the Association or Board of Directors hereunder and to attempt to procure the agreement of any mortgagee to such application of funds.

(b) Permitted Insurance. Each member/owner may separately insure any carpeting, furnishings, personal effects and other sole separate personal property wherever situated as is not insured by the Association and procure public liability and property damage insurance covering causes of action growing out of the ownership, maintenance, and control of his Unit or limited common areas reserved for the use of such Unit as may not be covered by the master liability policy, and may procure an individual policy insuring individual liability to other owners and the Association arising out of intra-Unit ownership, maintenance or control if such protection is not afforded by any master policy. Such liability coverage, where agreeable to the insurer, shall provide that the insurer waives its rights of subrogation as to any claims against other owners of Units, the Association and the respective servants, agents and guests of each.

9. Alterations or Improvements. Alterations or improvements within a Unit are prohibited in Article IX, paragraph 6, of the Declaration for this regime, except where approved by the Board of Directors under the conditions there stated. Where such alterations or improvements are approved, it shall be a further condition of approval that any increase in the insurable value of the condominium property, common or otherwise, shall be first adequately insured under the master policy as a common expense recoverable by the Association against the owner by special assessment, provided, if the owner can procure insurance under an individual policy with regard to such alteration or improvements satisfactory to the Board of Directors and which to its satisfaction does not jeopardize as provided in paragraph 8(a) above any master policy, the procuring of such separate policy is permissible. In any event the proceeds of such additional insurance shall be held and applied and subject to the further terms of this Article for the purpose of rebuilding, repair and the like in the same manner as other master policy or individual policy proceeds.

ARTICLE IX

Taxes

1. Real Estate Taxes. Real estate taxes assessed against the regime shall be assessed against the individual Units by the assessing authorities and shall be paid by the owners thereof. Each owner's assessment shall include the owner's fractional share of the common elements as set forth in Exhibit G to the Declaration of Condominium. Each owner when assessed shall be liable to pay all of such taxes assessed and the Association shall have no responsibility to pay the same but may do so as provided in Article VI, paragraph 8, of these Bylaws.

2. Personal Taxes. If any personal taxes are assessed against an individual owner, such owner shall be solely responsible therefor. If any personal taxes are assessed against the Association, such taxes shall be paid by the Association as a part of the Association's common expenses.

ARTICLE X

Referendum

Any vote or determination required or permitted to be made by the members of the Association and not required by law or any of the condominium documents to be made at a meeting of the members may be taken or made pursuant to a referendum ballot. Such a ballot may be initiated by one-third (1/3) of the Board of Directors or upon the written petition of owners who are entitled collectively to cast at least twenty-five percent (25%) of the total number of votes outstanding. If such referendum is initiated, the Secretary shall forthwith prepare and mail to each member a ballot returnable in no less than ten (10) nor more than fifty (50) days from the date of mailing. If prior or subsequent to such petition a special membership meeting has been called to consider the same subject matter, the special meeting shall prevail and the referendum vote shall not be tallied.

ARTICLE XI

Amendment

1. Except as herein provided, these Bylaws may be amended, altered, repealed or new Bylaws adopted by the members at a special or annual meeting of or upon a referendum ballot by the members upon the affirmative vote of seventy-five percent (75%) of the total number of votes outstanding and entitled to be cast, all in accordance with the Declaration of Condominium establishing the condominium regime and these Bylaws. No amendment, alteration or action taken to repeal these Bylaws and adopt new Bylaws shall change the provisions of the Declaration and these Bylaws which equate membership with Unit ownership, define the total number of votes, and base for each Unit the number of votes, liabilities for assessments, and interests in funds including insurance proceeds of the Association on the percentage interest appurtenant to that Unit unless unanimous consent of the owners and their mortgagees is secured. Any amendment, alteration or action taken to repeal these Bylaws and adopt new Bylaws which affect Developer's rights, shall be void unless the written consent of Developer is given.

2. No amendment may be adopted at either a special or regular membership meeting not included in the notice thereof, provided, however, if notice of the proposed amendment has been given, a different amendment relative to the subject matter thereof may be adopted by those present, in person or by proxy, and possessing the requisite percentage of the total number of votes outstanding and entitled to be cast, provided further, no vote by proxy may be counted unless the proxy expressly provides for such contingency. More than one proposed amendment may be included in the notice of a meeting.

3. To the extent provided in Section 499B.14, Code of Iowa, no modification or amendment of 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 Article XII of the Declaration and in said Code Section, and an amendment to these Bylaws shall constitute an amendment to the Declaration as provided for by law.

4. Unless required by the specific provisions of the condominium documents or by law, an amendment to the Declaration of Condominium not affecting the subject matter of these Bylaws shall not be considered an amendment of these Bylaws.

ARTICLE XII

General 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 Corporation shall not have a corporate seal.

3. The Board of Directors may require fidelity bonds from all directors, officers or agents handling or responsible for Association funds, except any insurance trustee, and shall procure an audit of the accounts and financial records of the Association not less than every two (2) years, and the expense of such matter shall be a common expense of the Association.

4. Each member shall have the obligations as such member as are imposed upon him by the condominium 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 condominium property, except as the same may attach only against his appurtenant interest therein and be removable as such.

5. The Board of Directors may, in its discretion, issue written evidence of membership, but the same shall be evidence thereof only and shall in no manner 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 an appurtenance to such assignment, hypothecation, or transfer of the Unit.

6. Pursuant to Article VI, paragraph 1 of the Declaration, so long as a Unit is owned by Developer, Developer shall only be subject to assessment for "current" expense under Article VII, paragraph 4(a), of these Bylaws. Upon acquisition of such a Unit from Developer, however, such Unit shall then be subject to assessment for "reserves" for the prorated balance thereof during the fiscal year in question and the payment thereof in the same amount as previously assessed against Units not owned by Developer and to assessment and, in addition, the lien thereof for any emergency assessments in the same manner as if such Unit had not been Developer owned at the time such assessments were made.

EXHIBIT I

FILED FOR RECORD
4:38 PM
NOV 22 1999
RECORDER LINN CO., IOWA