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DECLARATION
OF
PROTECTIVE COVENANTS AND EASEMENTS
FOR
EMERALD MEADOWS, PHASE II

ARTICLE I
Land Use and Building Type

No dwelling shall be erected, altered, placed or permitted to remain on any lot other than one single-family dwelling not to exceed two stories in height. Such dwelling may have an attached, minimum 2-car garage for not more than three (3) cars. Furthermore, no lots shall further subdivided, except by revision or modification of these protective covenants and restrictions in accordance with Article 14 herein.

ARTICLE 2
Architectural Control

No building, fence or wall shall be erected, placed or altered on any lot until the plans and specifications and a plan showing the location of the structure, fence or wall, have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No fences, except for underground pools only. Approval shall be as provided in paragraph B of Article 12 hereof.

ARTICLE 3
Dwelling Size

A. A one-story dwelling with basement shall have a minimum floor area of 1400 square feet exclusive of basement area.

B. A two-story dwelling shall have a minimum floor area of 1200 square feet on first floor and second story shall have no less than 50% of main floor.

The above minimum square footage is computed on the main structure exclusive of porches and garages, and applies to all lots.

ARTICLE 4
Building Location

A. Building set backs must meet Arnolds Park building set back requirements.

B. For the purpose of this covenant, eaves and steps shall

not be construed as part of a building; provided, however, that this shall not be construed to permit any portion of eaves or steps on a lot to encroach upon another lot.

ARTICLE 5 Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public utility company is responsible.

ARTICLE 6 Nuisances

No noxious or offensive activity shall be carried on upon lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

ARTICLE 7 Temporary Structures

No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other building shall be used on any lot at any time as a residence either temporarily or permanently, except during construction or a duration no longer than 12 months during construction.

ARTICLE 8 Signs

No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than one square foot, one sign of not more than five square feet advertising the property for sale or sign used by a builder to advertise the property during the construction and sales period.

ARTICLE 9 Livestock and Poultry

No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lots, except that dogs, cats, or other domestic household pets may be kept, provided they are not kept, bred, or maintained for any commercial purposes. No dog runs or kennels permitted. A total of two (2) animals will be

allowed.

ARTICLE 10
Garbage and Refuse Disposal

A. No part of the individual lots or boulevards shall be used at any time for the storage or abandonment of junked automobiles or other motor equipment.

B. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. Garbage, rubbish and trash shall not be kept on said premises except in sanitary containers. All incinerators or other equipment used or kept for the storage or disposal of such material shall be kept in a clean and sanitary condition.

C. No boats, trailers, campers, motorcycles, tent trailers, horse trailers, mobile homes, motor homes, fish houses or other like equipment shall be stored or kept upon any lot except when enclosed within a garage or similar permitted structure.

D. No building of any kind or for any purpose may at any time be moved to and upon any of the lots, except construction trailers, or buildings, which will be permitted during construction periods. (up to 12 months in duration) Nor may any business, trade or commercial activity of any kind be conducted upon any lot.

ARTICLE 11
Term

These restrictions and covenants are to run with the land and shall be binding upon all parties and all persons claiming under then for a period of twenty years from the date these covenants are recorded, after which time said restrictions and covenants shall be automatically extended for successive periods of ten years, unless an instrument signed by a majority of the then owners of the lots has been recorded agreeing to change said covenants in whole, or in part.

ARTICLE 12
Architectural Control Committee

A. The Architectural Control Committee is composed of three (3) members. One member shall be appointed by Emerald Meadows Condominium Association, one member by the Emerald Meadows L.C. and one member by Eastview Development, Inc. In the event of the death or resignation of a member of the Committee, the remaining members shall have full authority to designate a successor; provided, however, if, as a result of death or resignation there shall be no remaining member of said Committee, then and in that case all three (3) vacancies shall be filled by appointment by the owners of said lots as herein before provided for the initial appointment of Committee members.

Neither the members of the Committee nor its designated

PROTECTIVE COVENANTS AND BUILDING RESTRICTIONS

I. Land Use. Lot 1 shall be known and described and used for residential purposes for the construction of condominium units with a maximum of twelve (12) units that may be constructed hereon.

Lots 6 through 21 shall be known and described and used solely as residential lots for the construction of single family housing not to exceed two story in height. The restrictions of this and subsequent paragraphs shall not prohibit the erection or development of a contemporary styled tri-level (split-level) dwelling or a residential park on any of said lots.

Lots 2, 4, 5, 22, 23, 24 and 25 shall be known and described and used solely as residential lots for the construction of single and/or two family dwellings. Should Lot 3 cease to be used as a recreation lot for the development, it too should revert to this classification.

Garages. Except as to Lot 3 while it is used as the recreation lot and Lot 1, all garages must be attached to the main dwelling. Garages shall be limited to one for each family dwelling unit on the lot, which shall not exceed three stalls and shall only be used for cars, pickups (less than 3/4 ton) and storage of small residentially used items.

II. Building Restrictions. Except as to Lot 3 and only so long as it is used as the development's recreation lot, no building shall be erected on any lot unless it is in conformity with the then current Arnolds Park Zoning Ordinance and additional thereto:

For purposes of better defining the front yard of the lots, the front yard restrictions shall apply only to the yard adjacent to the street on which the front of the house faces. There shall be a minimum square footage, excluding garage area, as follows:

1. Single family dwellings - 1200 square feet.
2. Two family dwellings - (a) foundation for both units 1200 square feet; (b) 1000 square feet per dwelling unit.

III. Lot Care. The respective titleholders of each lot, vacant or improved, shall keep his lot or lots free of weeds and debris.

IV. Unlawful Procedure. No trailer, trailer house, basement, shack, garage, barn or any other outbuilding shall at any time be used as a residence, temporary or permanent, nor shall any residence of a temporary nature be permitted. No building of any nature shall at any time, for any purpose be moved onto any lot of the subdivision described herein except new structures, nor shall anything be done thereon which may be or might become an annoyance or nuisance to the neighborhood.

No boats; boat, snowmobile or other type hauling trailer, or trucks of larger than "3/4 ton" size shall be maintained, parked, or kept overnight for any purpose on the property.

No dog, or other type, kennels nor shall any dog larger than 20 pounds be brought upon or kept on the property.

No commercial business shall be operated or maintained on the property, with the exception of Lot 1.

No lot herein may be subdivided into a smaller part.

V. Easements. A perpetual easement is reserved over the north fourteen (14) feet of Lots 22, 23, 24 & 25, over the south even (7) feet of Lots 2 and 5 and over the north seven (7) feet of Lots 3 & 4 (as depicted on the plat) for utility installation and maintenance and an easement is hereby reserved in Emerald Drive dedicated to the public for utility installation and maintenance.

VI. Lot Owners Association. Each owner or contract owner of a lot in the Plat of North Emerald Hills Addition, Arnolds Park, Iowa shall be a member of and by acceptance of any deed agrees to abide by the Charter, By-Laws, Rules, Regulations and objects of THE NORTH EMERALD HILLS LOT OWNERS' ASS'N as they may be amended from time to time. This condition shall expire in accordance with the terms of Paragraph VIII hereof. Voting rights shall be set forth in the Rules and Regulations of said association.

VII. Recreation Facilities. It is the intention of the developer to develop Lot 3 as a recreation lot for the joint use of the lot owners. This paragraph shall not be construed as creating any present rights on to or over Lot 3 in the other lot owners.

VIII. Covenants Run With The Land. These covenants are to run with the land and be binding on all parties and persons claiming under them until December 31, 1994, at which time said covenants shall be automatically extended for successive periods of ten years unless by vote of majority of the owners of the lots it is agreed that one or more of the protective covenants and/or building restrictions shall be repealed in whole or in part.

In the event any of the owners of land in said plat or their heirs or assigns shall violate or attempt to violate any of the covenants or restrictions herein, it shall be lawful for any other person or persons or corporation owning any other lots in said development or subdivision or the North Emerald Hills Lot Owners' Ass'n as representative of the lot owners as a whole to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any of such covenants or restrictions and either to prevent him from doing so or to recover damages or such other relief as the Court may allow for such violation.

Invalidation of any one of these covenants by judgment or court action shall in no way affect any of the other provisions, and said other provisions shall remain in full force and effect.

INSTR. NO. 4112

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JAN B. BETSCHLER
FOUNDER
DICKINSON COUNTY, IOWA

FEE \$ 266.00

DECLARATION

EMERALD MEADOWS CONDOMINIUM

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1. Submission of Property. Emerald Meadows, L.C. an Iowa limited liability company ("Declarant"), owner in fee simple of the land described in Exhibit A annexed hereto and submitted herein, located within Dickinson County, Iowa ("Land"), hereby submits the Land, together with all improvements, easements, rights and appurtenances thereunto belonging ("Property") to the provisions of Chapter 499B of the Code of Iowa, as amended, known as the Iowa Horizontal Property Act ("Act") and hereby creates with respect to the Property an expandable and contractible condominium, containing convertible land and which may contain convertible space to be known as Emerald Meadows Condominium or Emerald Meadows Town Homes ("Condominium").

Section 1.2. Purposes and Users. The Condominium is formed for residential purposes, and Units shall be occupied and used only as private residences for the Unit Owner, the Unit Owner's family (related by blood, marriage, or adoption), tenants, and guests; Units shall be used for no other purpose, and no business shall be permitted by the terms of this Declaration or the Bylaws except that Units may be used by Declarant as sales offices, models, leased property, or for other specified purposes. Units shall not be owned by more than four individuals (a husband and a wife are considered one person herein). All Unit Owners shall comply strictly with any use restriction, rule, or regulation contained in or promulgated in accordance with the Bylaws; provided, however that this provision shall not be construed to impair the right of any owner to sell, rent, or lease Units so long as such sale, rental, or lease is in accordance with the applicable provisions of the Bylaws. Any tenant or lessee of a Unit shall be in all respects subject to this Declaration, Bylaws, and any and all rules and regulations as may, from time to time, be promulgated by the Association or the Board of Directors.

Section 1.2. Defined Terms. Terms not otherwise defined herein or in the Bylaws attached hereto as Exhibit B, as the same may be amended from time to time ("Bylaws"), or the Plats and Plans, shall have the meanings specified in Section 499B.2 of the Act.

When used in this Declaration and in addition to other definitions herein:

"Association" means the Unit Owners Association of the Condominium.

"Board of Directors" or "Board" means the executive organ established pursuant to the Bylaws.

"Common Elements" means all portions of the Condominium other than the Units including general and limited common elements.

"Condominium Instruments" is a collective term referring to this Declaration, Bylaws, and Plats and Plans, recorded pursuant to the provisions of the Act. Any exhibit, schedule, or certification accompanying a Condominium Instrument and recorded shall be deemed a part of that Condominium Instrument. Any recorded amendment shall be deemed a part of that Condominium Instrument.

"Convertible Land" means a portion of the Common Elements, within which additional Units or Limited Common Elements may be created in accordance with the provisions of this Declaration.

"Convertible Space" means a portion of a structure within the Condominium, which portion may be converted into one or more Units or Common Elements, including but not limited to Limited Common Elements in accordance with the provisions of this Declaration.

"Declarant Control Period" means the time period commencing on the date of recordation of this Declaration and ending 120 days after the conveyance of 75 percent of the Units to persons other than the Declarant.

"General Common Element" shall have the meaning set forth in Section 499B.2(b) of the Act.

"Limited Common Element" means a portion of the Common Elements reserved for the exclusive use of those entitled to the use of one or more, but less than all, of the Units.

"Special Declarant Rights" shall have the meaning provided in Section 11.1 of this Declaration.

"Unit" means a portion of the Condominium designed and intended for individual ownership and use and includes the individual interest in the Common Elements appertaining to the Unit.

"Unit Owner" means one or more persons who own a Unit.

ARTICLE 2
BUILDINGS ON THE LAND; UNIT BOUNDARIES

Section 2.1. Location and Dimensions of Buildings. The location and dimensions of each building on the Land are depicted on the "Plans" attached as Exhibit C hereto.

Section 2.2. Units. The location of Units within each building and their dimensions and all Units, their identifying numbers, location, type and the immediate common area to which each Unit has access, if any, are shown on the "Plans" attached as Exhibit D hereto.

Section 2.3. Unit Boundaries. The boundaries of each Unit are as follows:

(a) Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the vertical (parametric) boundaries:

(1) Upper Boundary: The horizontal plane of the bottom surface of the wood joists of the ceiling, except where there is a dropped ceiling in which locations the upper boundary shall be the horizontal plane which includes the top side of the plasterboard of the dropped ceiling.

(2) Lower Boundary: The horizontal plane of the top surface of the undecorated concrete floor slab or wood subflooring (as the case may be).

(b) Vertical (parametric) Boundaries: The vertical boundaries of the Unit shall be the vertical plane which includes the back surface of the plasterboard of all walls bounding the Unit extended to intersections with each other and with the upper and lower boundaries.

(c) The Unit shall include the room containing the heating and air-conditioning apparatus, which apparatus shall be part of the Unit. Any portion of a utility system or other apparatus serving more than one Unit (e.g., pipes, conduits, ducts) which is partially within and partially without the unit, is part of the general common elements. Any portion of a utility system serving only one Unit which is located outside the Unit is a Limited Common Element appurtenant to that Unit.

Section 2.4. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary description, the provisions of the Bylaws shall govern the division of maintenance and repair responsibilities between the Unit owner and the Association.

Section 2.5. Relocation of Unit Boundaries and Subdivision of Units. Relocation of Boundaries between Units and subdivision of Units is permitted subject to compliance with the provisions therefor in Section 5.7 of the Bylaws.

ARTICLE 3 COMMON ELEMENTS

Section 3.1 General Common Elements. Except as limited by Section 3.2 and Section 3.3, the General Common Elements shall include all portions of the Property not within the boundaries of a Unit.

Section 3.2. Limited Common Elements. The Limited Common Elements shall include the locations of the Common Elements to which each Unit has direct access as shown on the Plats and Plans and a balcony or terrace, if any, shown adjacent to a Unit is a Limited Common Element appurtenant to that Unit.

Section 3.3. Reserved Common Elements. The Board of Directors shall have the power in its discretion from time to time to grant revocable licenses in designated Common Elements to the Association or to any Unit Owners and to establish a reasonable charge to such Unit Owners for the use any maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the Common Elements.

Section 3.4. Alteration of Common Elements by the Declarant. The Declarant reserves the right to modify, alter, remove or improve defective, obsolete or non-functional portions of the Common Elements, including without limitation any equipment, fixtures and appurtenances, when in the Declarant's judgment it is necessary or desirable to do so.

Section 3.5. Rental Operation on Convertible Land and in Convertible Space. The Declarant shall have the right to operate any Convertible Land or Convertible Space as a rental project with any permissible commercial uses. The Declarant may establish and maintain all offices, signs and other accoutrements normally used in the operation of such rental properties in the sole discretion of the Declarant. The Declarant may, in the sole discretion of the Declarant, lease portions of any Convertible Land or Convertible Space so long as the Declarant pays the expenses attributable to such rental operation. Such operations shall be for the benefit of the Declarant and neither the Association nor any Unit Owner (other than the Declarant) shall have any right or interest in the profits or losses thereof.

ARTICLE 4 EASEMENTS

The following easements are hereby granted:

Section 4.1. Easement to Facilitate Sales. The Declarant reserves the right to use any Units owned or leased by the Declarant as models, management offices, sales offices (for this and other projects) or customer service offices. The Declarant further reserves the right to maintain on the Property such advertising signs as may comply with applicable governmental regulations, which may be placed in any location on the Property and may be relocated or removed, all at the sole discretion of the Declarant. The Declarant shall have the right to restrict the use of certain Common Element parking spaces for sales purposes and to use such spaces for sales purposes. Further, the Declarant shall have the right to erect temporary offices on certain Common Elements for models, sales, management, customer service and similar purposes. This easement shall continue until the Declarant has conveyed all Units in the Condominium to Unit Owners other than the Declarant.

Section 4.2. Easement for Access and Support.

(a) Access. The Declarant reserves in favor of the Declarant and the managing agent and/or any other person authorized by the Board of Directors the right of access to any Unit as provided in Section 5.9 of the Bylaws. In case of emergency, such entry shall be immediate whether or not the Unit Owner is present at the time. Further, until the expiration of the warranty period, if any, such entry shall be permitted to perform warranty-related work (for the benefit of the Unit being entered, other Units or the Common Elements) whether or not the Unit Owner consents or is present at the time.

(b) Support. Each Unit and Common Element shall have an easement for lateral and subjacent support from every other Unit and Common Element.

Section 4.3. Declarant's Right to Grant Easements. The Declarant shall have the right, prior to the termination of the Declarant Control Period, to grant and reserve easements and rights-of-way through, under, over and across the Property for construction purposes, and for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, gas, electricity, telephone and other utilities.

Section 4.4. Easement to facilitate conversion and expansion. The Declarant shall have a transferable easement over and on the Common Elements for the purpose of making improvements on the Land and any additional land and for the purpose of doing all things reasonably necessary and proper in connection therewith.

Section 4.5. Easement for encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Plats and Plans in the construction, repair, renovation, restoration, or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement for such encroachment shall exist. The purpose of this section is to protect the Unit Owners, except in cases of willful and intentional misconduct by them or their agents or employees, and not to relieve the Declarant or any contractor, subcontractor, or materialman of any liability which any of them may have by reason of any failure to adhere strictly to the Plats and Plans.

Section 4.6. Utility and Other Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment, including security systems, as may be necessary or desirable to serve any portion of the Property. The easements provided for by this Section 4.6 shall include, without limitations, those shown on Exhibit A and rights of Declarant, the Association, any providing utility, any service company, and any governmental agency or authority and any of them to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), security systems, electrical wires, conduits and equipment and ducts and vents and any other appropriate equipment and facilities over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 4.6, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant to a grantee other than the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

Section 4.7. Declarant's Easements.

a. Declarant reserves an easement to use portions of the Common Elements and any Units owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Property.

b. Declarant reserves an easement on, over the under those portions of the Common Elements not located within any building for the purpose of maintaining and correcting drainage of surface, roof or store water. The easement created by this Section 4.7 expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil or to take any other action reasonably necessary,

following which the Declarant shall restore the affected property as closely to its original condition as practicable.

c. During the Declarant Control Period and for a period two years thereafter the Declarant shall have an easement through the Units for any access necessary to complete any renovations or modifications to be performed by Declarant.

Section 4.8. Easement for Ingress and Egress Through Common Elements. Each Unit Owner is hereby granted an easement in common with each other Unit Owner for ingress and egress through all Common Elements, subject to such reasonable rules, regulations and restrictions as may be imposed by the Association. Each Unit is hereby burdened with and subjected to an easement for ingress and egress through all Common Elements by persons lawfully using or entitled to the same.

Section 4.9. Common Elements Easement in Favor of the Association. The Common Elements shall be and are hereby made subject to an easement in favor of the Association and the agents, employees and independent contractors thereof for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements.

Section 4.10. Common Elements Easement in Favor of Unit Owners. The Common Elements shall be and are hereby made subject to the following easements in favor of the Units benefitted:

a. For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or serve any Unit and which pass across or through a portion of the Common Elements.

b. For the installation, repair, maintenance, use, removal and/or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve any Unit but which encroach into a part of a Common Element adjacent to such Unit; provided that the installation, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the building or impair or structurally weaken the building.

c. For driving and removing nails, screws, bolts and other attachment devices into the Unit side surface of the stone, block, brick or other masonry walls bounding the Unit and the Unit side surface of the studs which support the dry wall or plaster perimeter walls bounding the Unit, the bottom surface of floor joists above

the Unit and the top surface of the floor joists below the Unit to the extent such nails, screws, bolts and other attachment devices may encroach into a part of a Common Element adjacent to such Unit; provided that any such action will not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the building or impair or structurally weaken the building.

d. For the maintenance of the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grilles and similar fixtures which serve only one Unit but which encroach into any part of any Common Elements or Limited Common Elements on the date this Declaration is recorded or was thereafter installed by Declarant during the Declarant Control Period or within two years after the termination thereof.

4.11. Units and Limited Common Elements Easement in Favor of Association. The Units and the Limited Common Elements are hereby made subject to the following easements in favor of the Association and its agents, employees and independent contractors:

(a) for inspection of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible;

(b) for inspection, maintenance, repair and replacement of the Common Elements situated in or accessible from such Units;

(c) for correction of emergency conditions in one or more units or Common Elements, or both, or casualties to the Units or the Common Elements.

ARTICLE 5
AMENDMENT TO DECLARATION AND CONDOMINIUM
INSTRUMENTS; VOTING RIGHTS

Section 5.1. Amendments. No amendment of this Declaration or any Condominium Instrument may be made during the Declarant Control Period without the prior written approval of the Declarant. After the Declarant Control Period amendments to the Declaration may be made by a majority vote of the Unit Owners in accordance with the Bylaws.

Section 5.2. Voting Rights. Each Unit Owner shall have one vote in the Association on all matters to come before the Unit Holders. A vote of a majority of Unit Owners in an affected building present at a meeting either in person or by proxy shall be determinative of whether to rebuild, repair, restore, or sell the building in the event of damage or destruction of all or part of the building.

ARTICLE 6
CONVERTIBLE LAND

Section 6.1. Reservation. The Declarant hereby explicitly designates as Convertible Land all of the Property which is not at the time submitted as Units. The Declarant hereby explicitly reserves an option until the fifth anniversary of the recordation of this Declaration to convert all or any portion of the Convertible Land from time to time into one or more Units or Limited Common Elements without the consent of any Unit Owner. The option to convert may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. The Declarant reserves the right to convert any or all portions of the Convertible Land at any time, at different times, in any order, without limitation; provided, however, that the Convertible Land shall not exceed in the area described in Exhibit A hereto. There are no other limitations on the option to convert except as set forth in this Article.

Section 6.2. Assurances. If the Convertible Land is converted, the buildings on the Convertible Land will be located approximately as shown on the Plats attached as Exhibit D hereto. The Declarant expressly reserves the right to create Convertible Space and Limited Common Elements within the Convertible Land and to designate Common Elements therein which may be subsequently assigned as Limited Common Elements. The type of such elements may be attics, roofs, balconies, porches, patios, terraces, electrical and mechanical rooms and systems including heating and cooling apparatus, parking, commercial and recreational facilities, and all other elements which can appropriately be designated as Common Elements or Limited Common Elements.

ARTICLE 7
OPTION TO CONTRACT THE CONDOMINIUM

The Declarant hereby explicitly reserves an option until the fifth anniversary of the recordation of this Declaration to contract the Condominium from time to time without the consent of any Unit Owner. The option to contract may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. The Declarant reserves the right to withdraw any or all portions of the Land from the Condominium at any time, at different times, in any order, without limitation.

ARTICLE 8
OPTION TO EXPAND THE CONDOMINIUM

The Declarant hereby explicitly reserves an option until the fifth anniversary of the recordation of this Declaration to expand the Condominium from time to time without the consent of any Unit Owner. The option to expand may be terminated prior to such anniversary only upon the filing by the Declarant of an amendment to this

Declaration. The Declarant reserves the right to add any or all portions of additional land at any time, at different times, in any order.

ARTICLE 9
CONVERTIBLE SPACE

By amendment to this Declaration, the Declarant may designate as Convertible Space all or any portion of the buildings on additional land when added to the Condominium pursuant to Article 8. The conversion of such Convertible Space shall be made into one or more Units or Common Elements.

ARTICLE 10
RIGHT TO LEASE OR SELL UNITS

The Declarant shall own in fee simple each Unit to which legal title is not conveyed or otherwise transferred to another person. The Declarant retains the right to enter into leases with any persons for the occupancy of such Units.

ARTICLE 11
SPECIAL DECLARANT RIGHTS; TRANSFER

Section 11.1. Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of the Declarant as provided for in this Declaration and the Condominium Instruments, and shall include without limitation the following rights: (a) to complete improvements indicated on the Plats and Plans filed with this Declaration; (b) to convert Convertible Land; (c) to add additional land; (d) to contract the Condominium by withdrawing Land from the Condominium; (e) to convert Convertible Space; (f) to maintain sales offices, management offices, customer service offices, signs advertising the Condominium and models; (g) to use easements through the Common Elements for the purpose of making improvements within the Condominium or any Convertible Land or additional land; and (h) to appoint or remove any Officer or Director of the Association during the Declarant Control Period.

Section 11.2. Transfer of Special Declarant Rights. Special Declarant Rights created or reserved hereby or as provided for in the Condominium Instruments may be transferred.

ARTICLE 12
NO OBLIGATIONS

Nothing contained in this Declaration or the Condominium Instruments shall be deemed to impose upon the Declarant or its successors or assigns any obligation of any nature to build, renovate or provide any improvements.

ARTICLE 13
EMINENT DOMAIN

Whenever all or part of the Common Elements shall be taken, injured or destroyed by eminent domain, the Association shall represent the Unit Owners in negotiations, settlements or agreements with the condemning authority. Each Unit Owner appoints the Board of Directors as attorney-in-fact for this purpose. Each Unit Owner shall be entitled to notice thereof, but in any proceedings for the determination of damages, such damages shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein. The award or proceeds of settlement shall be payable to the Association for the use and benefit of the Unit Owners and their mortgagees as their interests may appear.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its principal officer, this 31 day of January, 1994.

EMERALD MEADOWS, L.C.

By: Randy Rolfsen
Randy Rolfsen, Manager

STATE OF IOWA)
)SS:
CITY OF DICKINSON)

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Randy Rohlfen, Manager of Emerald Meadows, L.C., whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as an officer of the corporation on behalf of the partnership.

GIVEN under my hand and seal this 31 day of January, 1994.



Robert F. Hanson
Notary Public in and for the State of Iowa

My commission expires: 3-28-94

EXHIBIT B
BYLAWS
OF
EMERALD MEADOWS TOWN HOMES
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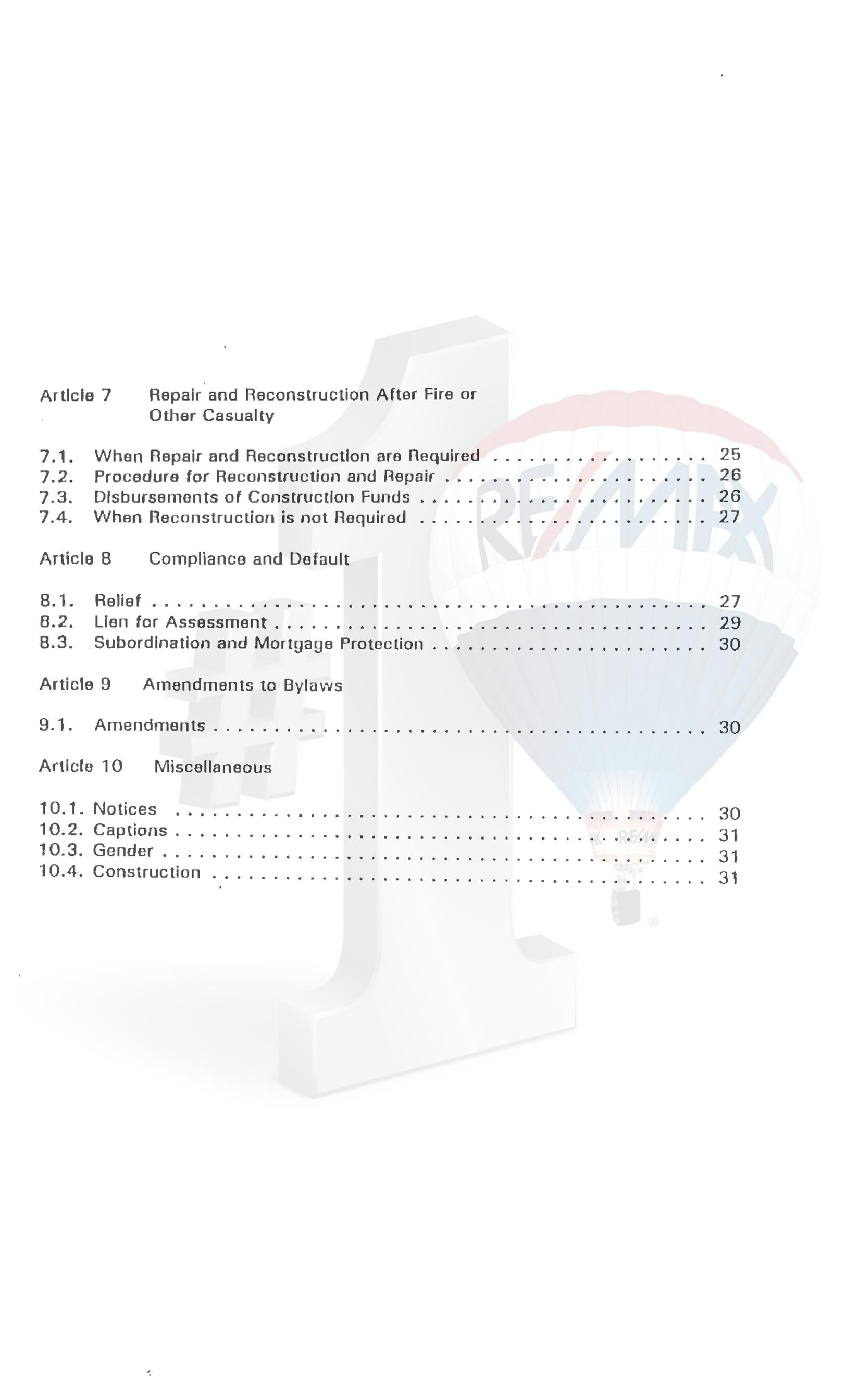
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BYLAWS

ARTICLE 1

General Provisions

Section 1.1. Applicability. These Bylaws provide for the governance of the Condominium pursuant to the requirements of Section 499B.14 of the Act. The Property, located in Dickinson County, Iowa and more particularly described in the Declaration, has been submitted to the provisions of the Act by recordation simultaneously herewith of the Declaration among the land records of Dickinson County, Iowa.

Section 1.2. Office. The office of the Condominium, the Town Home Association, and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws are attached as Exhibit B, or if not defined therein, the meanings specified for such terms in the Act. The following terms have the following meanings:

(a) "Board of Directors" or "Board" means the executive body established pursuant to Article 3 of these Bylaws.

(b) "Common Element Interest" means the number assigned to each Unit by Exhibit E to the Declaration which establishes each Unit's undivided interest in the Common Elements, common expenses and common profits in the Town Home Association.

(c) "Limited Common Expenses" means expenses separately assessed against more than one but less than all of the Units generally in accordance with the use of the services.

(d) "Majority Vote" means a vote by more than fifty percent of the Unit Owners present in person or by proxy at a duly convened meeting at which quorum is present.

(e) "Officer" means any person holding office pursuant to Article 4 of these Bylaws.

(f) "Reserved Common Element" means a common element in which the Board of Directors has granted a revocable license for exclusive use by less than all of the Unit Owners.

(g) "Rules and Regulations" means the rules and regulations promulgated by the Board of Directors pursuant to Section 3.1.

(h) "Town Home Association" or "Association" means the non-profit corporation in which all Unit Owners are members.

ARTICLE 2 Town Home Association

Section 2.1. Composition. The Town Home Association shall consist of all of the Unit Owners. The name of the Town Home Association shall be the "Emerald Meadows Town Home Association". The Town Home Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or managing agent as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held at least seventy-five days before the beginning of each fiscal year, unless such date shall occur on a Saturday or Sunday or legal holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings the Board of Directors shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.4 of these Bylaws. During the Declarant Control Period, the Declarant shall be entitled to designate members of the Board of Directors not elected pursuant to Section 2.4(b) of these Bylaws.

Section 2.3. Place of Meetings. Meetings of the Town Home Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 2.4. Special Meetings. (a) The President shall call a special meeting of the Town Home Association if so directed by resolution of the Board of Directors or, after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent of the Units. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Declarant Control Period, a special meeting of the Town Home Association shall be held at which a majority of the directors shall be elected by the Unit Owners, including the Declarant if the Declarant

of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owns such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement.

(b) Except where a greater number is required by the Act or the Condominium Instruments, a Majority Vote is required to adopt decisions at any meeting of the Town Home Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Town Home Association to cast one vote for each such Unit. There shall be no cumulative voting.

(c) No Unit Owner may vote at any meeting of the Town Home Association or be elected to or serve on the Board of Directors if payment of the assessment on his Unit is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election.

Section 2.10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner or the Declarant, or in the case of a non-resident Unit Owner, the lessee of such Unit Owner's Unit, his attorney or management agent; provided, however, that no person other than the Declarant, the managing agent or an Officer of the Condominium shall cast votes as a proxy for more than one Unit not owned by such person. Proxies shall be duly executed in writing, shall be witnessed, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. No proxy shall in any event be valid for a period in excess of eleven months after the execution thereof.

ARTICLE 3 Board of Directors

Section 3.1 Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Town Home Association and may do all such acts and things not otherwise reserved by the Condominium Instruments to the Association. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Act or the Condominium Instruments. The Board of Directors may delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 3.2 hereof) if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to

the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Unit Owner for the common expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for common expenses.

(c) Provide for the operation, care, use and maintenance of all of the Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Make and amend the Rules and Regulations.

(g) Open bank accounts on behalf of the Town Home Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Unit Owners of any litigation against the Town Home Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6 of these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Town Home Association and not billed to Unit Owners of individual Units or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the Unit Owners, their attorneys, accountants, and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and reviewed at least once each year by an independent accounting firm retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The cost of such accounting work shall be a common expense.

(m) Borrow money on behalf of the Condominium when required in connection with any instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds in number of all Unit Owners, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of ten thousand dollars. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (m) is not repaid by the Town Home Association, a Unit Owner who pays to the creditor a percentage of the total amount due equal to his Common Element Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Unit pursuant to Section 499B.12 of the Act, and the Association shall not be entitled to assess his Unit for payment of the remaining amount due such creditor.

(n) Acquire, hold and dispose of Units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Town Home Association.

(o) In its sole discretion, from time to time to designate certain Common Elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(p) Do such other things and acts not inconsistent with the Act or the Condominium Instruments which the Board of Directors may be authorized to do by a resolution of the Town Home Association.

Section 3.2 Managing Agent. The Board of Directors may employ for the Condominium a "managing agent" at a compensation to be established by the Board.

(a) Requirements. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the areas of condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

(b) Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct other than the powers set forth in subsections 3.1 (b), (f), (g), (m), (n) and (o). The managing agent shall perform the obligations, duties and services relating to the management of the Property and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

Section 3.3. Number and Term of Office.

(a) Designated Members. The initial Board of Directors shall consist of three persons, all of whom shall be designated by the Declarant. The term of office of one director shall expire at the third annual meeting; the term of office of one additional director shall expire at the second annual meeting; and the term of office of the other director shall expire at the first annual meeting. The term of each designee shall be fixed by the Declarant. At the special meeting required by subsection 2.4(b), a number of the directors designated by the Declarant shall resign if necessary so that a majority of the directors shall have been elected in accordance with subsection 2.4(b). The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one director shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special meeting held pursuant to subsection 2.4(b), all successor directors shall be elected to serve for a term of three years.

(b) Elected Members. No later than the first annual meeting of the Town Home Association, the Board of Directors shall be composed of three persons, all of whom shall be Unit Owners or designees of the Declarant. Except for resignation or removal, the directors shall hold office until their respective successors shall have been elected by the Town Home Association.

Section 3.4. Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by subsection 2.4(b) of these Bylaws and each annual meeting of the Town Home Association, the Board of Directors shall appoint an Elections Committee

consisting of a member of the Board whose term is not then expiring and at least three other Unit Owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board.

(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the chairman of the Elections Committee at least thirty-five days before the meetings at which the election is to be held signed by Unit Owners representing at least ten percent of Units and either signed by the nominee or accompanied by a document signed by the nominee indicating the willingness to serve as a director; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a Unit Owner. No person shall be elected as a director or continue to serve as a director if he is more than thirty days delinquent in financial obligations to the Town Home Association and a lien has been filed against such person's Unit.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a Majority Vote and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least seven days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A director may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon either disposition of such director's Unit, or failure to attend three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Town Home Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 3.7. Organization Meetings. The first meeting of the Board of Directors following the annual meeting of the Town Home Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly-elected directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors is present at the meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, facsimile or telephone, at least three business days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director, given personally or by mail, facsimile or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors.

Section 3.10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meetings.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Compensation. No director shall receive any compensation from the Condominium for acting as director.

Section 3.13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Act or the Condominium Instruments.

Section 3.14. Action without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if evidenced by one or more written consents describing the action taken and signed and dated by each director. Any such written consent shall be effective when the last director signs the consent, unless the consent specifies a different effective date. Any such written consent shall be filed with the records of the Board of Directors.

Section 3.15. Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the Unit Owners of all of the Units and for each of them, to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors, (ii) execute and deliver releases upon the payment of claims and (iii) act on their behalf in any condemnation proceeding or action of eminent domain.

Section 3.16. Liability of the Board of Directors, Officers, Unit Owners and Town Home Association. (a) The Officers, directors and members of the Covenants Committee shall not be liable to the Town Home Association or any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Town Home Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act or the Condominium Instruments, except to the extent that such liability is satisfied by directors and Officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Town Home Association. The liability of any Unit Owner arising out of any contract made by the Officers or Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Common Element Interest therein or for liabilities incurred by the Town Home Association, shall be limited to the total liability multiplied by his Common Element Interest. The Town Home Association shall indemnify and hold harmless each of the

members of the Covenants Committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Act or the Condominium Instruments. The Town Home Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was an Officer or director of the Association or a member of the Covenants Committee against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceedings if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Town Home Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the elements or by the Unit Owner of any Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Town Home Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Town Home Association to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.17. Common or Interested Directors. Each director shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Town Home Association and any of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the Unit Owners, and the Unit Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Town Home Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such director of the Town Home Association were not an officer or director of such other corporation, firm or association or not so interested.

Section 3.18. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three members appointed by the Board, each to serve for a term of two years, in order to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the aesthetic or property values of the Condominium; (3) furthering the comfort of the Unit Owners, their guests and tenants; and (4) promoting the general welfare and safety of the Condominium community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses, or consultations required in connection with improvements or charges proposed by a Unit Owner. The Covenants Committee shall have the power to impose reasonable fines (pursuant to subsection 8.1(g) hereof) upon, and issue a cease and desist request to, a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Condominium Instruments, Rules and Regulations and resolutions regarding the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, power and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its

duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

ARTICLE 4 Officers

Section 4.1. Designation. The principal Officers of the Town Home Association shall be the President, the Vice President, the Secretary and the Treasurer, all of which shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President shall be residents of the Condominium (except for those appointed by the Declarant) and members of the Board of Directors. Any other Officers may, but need not, be Unit Owners or members of the Board of Directors.

Section 4.2. Election of Officers. The Officers of the Town Home Association shall be elected annually by the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.4. President. The President shall be the chief executive officer of the Town Home Association; preside at all meetings of the Association and of the Board of Directors; have general and active management of the business of the Association subject to the control of the Board; see that all orders and resolutions of the Board are carried into effect; and appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Town Home Association and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices

required to be given by the Association; maintain a register setting forth the place to which all notices to Unit Owners shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the managing agent, if any) be responsible for Town Home Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the managing agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Town Home Association for expenditures or obligations in excess of one thousand dollars, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of one thousand dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No Officer who is also a director shall receive any compensation from the Town Home Association for acting as such Officer.

ARTICLE 5 Operation of the Property

Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be January 1 through December 31 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) At least ninety days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Town Home Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Condominium Instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair

of the Property and the rendering to the Unit Owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least thirty days before the beginning of each fiscal year, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of subsection 8.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Common Element Interest, except for Limited Common Expenses which shall be assessed against each Unit Owner benefitted in proportion to the relative Common Element Interest of such Units Inter se, and shall be a lien against each Unit Owner's Unit as provided in section 8.2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Unit Owners, or be credited according to each Unit Owner's Common Element Interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Common Element Interests and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's

assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the delivery of such notice of further assessment. All Unit Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in subsection (c).

(e) Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this section, for the period commencing thirty days after such election and ending of the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the closing an "initial capital payment" equivalent to twice the estimated monthly assessment for common expenses for such purchaser's Unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Town Home Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than ten days after such new annual or adjusted budget shall have been delivered.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund or held for each Unit Owner in accordance with his Common Element Interest.

Section 5.2. Payment of Common Expenses. Each Unit Owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof. No Unit Owner may be

exempted from liability for the assessment of common expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the common expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five business days following a written request therefor to the Board of Directors or managing agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that each mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such person comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within ten days after due shall accrue a late charge in the amount of fifty dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or mortgagee so requesting the same a written statement of all unpaid assessments for common expenses due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Town Home Association. The Town Home Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than two-thirds of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements as defined herein or in the Declaration, whether located inside or outside of the Units, the

cost of which shall be charged to all Unit Owners as a common expense; provided, however, that each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b).

(b) By the Unit Owner.

(1) Each Unit Owner shall keep his Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure or negligence to make any of the repairs required by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Town Home Association is responsible.

(2) The Unit Owner of any Unit to which a Limited Common Element balcony or terrace is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be made by the Town Home Association as a common expense, as provided in subsection (a).

(3) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of ten thousand dollars during any period of twelve consecutive months, the making of such additions, alterations or improvements shall be approved by a Majority Vote, and the Board of Directors shall proceed with such additions,

alterations or Improvements and shall assess all Unit Owners benefitted for the cost thereof as a common expense or Limited Common Expense. Any additions, alterations or Improvements costing ten thousand dollars or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a common expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. The ten thousand dollar limitation shall be increased annually by the percentage equal to the percentage increase in the annual budget of the Condominium. Notwithstanding the foregoing, if, in the opinion of not less than two-thirds of the Members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. No Unit Owner shall paint or alter the exterior of his Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. The Board of Directors or the Covenants Committee, as appropriate, shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the Covenants Committee to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Town Home Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or materialmen on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. The provisions of this Section shall not apply to Units owned by the Declarant until deeds of conveyance of such Units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with existing Units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized officer shall execute any such required application.

Section 5.8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

(a) Restrictions. Each Unit and the Common Elements shall be occupied and used as follows:

(1) Except for the areas of the Condominium designated for recreational use and except as provided in the Declaration, no Unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Units and for customer service purposes.

(2) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No waterbeds shall be permitted in any Unit. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the Common Elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a common expense.

(4) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage by the Condominium Instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident

to the use and occupancy of the Units. The stairwells and building entrances shall be used for no purpose other than for normal transit.

(6) No Unit shall be rented for transient or hotel purposes or in any event for an initial period of less than six months without the prior written permission of the Board of Directors; *provided, however*, that Units may be rented for less than six months no more than six times each year. No portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit Owner shall lease a Unit other than on a written form of lease: (i) requiring the lessee to comply with the Condominium Instruments and Rules and Regulations (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder after forty-five days prior written notice to the Unit Owner, in the event of a default by the lessee in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by Unit Owners. Each Unit Owner of a Unit shall, promptly following the execution of any lease of a Unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this subsection, except the restriction against use for hotel or transient purposes, shall not apply to the Declarant, or to a mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only if expressly permitted by the Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Vehicle repairs other than ordinary light maintenance are not permitted on the Property.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per Unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the property upon ten days written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Town Home Association, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within

the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Town Home Association resulting from the presence of such pets.

(9) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or Common Element without the prior written approval of the Board of Directors. The foregoing provisions of this subsection shall not apply to a mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(b) Changes to Rules and Regulations. Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 5.9. Right of Access. By acceptance of his deed of conveyance, each Unit Owner thereby grants a right of access to his Unit, as provided by Article 4 of the Declaration, to the Board of Directors or the managing agent, or any other person authorized by the Board or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in his Unit or in a common element to which access is obtained through his Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical systems or the Common Elements in his Unit or elsewhere in the Property or to correct any condition which violates any mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present.

Section 5.10. Utility Charges. The cost of utilities serving the Condominium not individually metered to a Unit shall be common expenses allocated pursuant to Section 5.1 hereof.

Section 5.11. Parking Spaces. All roadways shall be used by the Unit Owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine; provided, however, that no Unit Owner shall park on the Common Element parking spaces more than one vehicle (owned or leased by such Unit Owner, a member of his family, an employee or a tenant leasing

his Unit) without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a common expense.

ARTICLE 6 Insurance

Section 6.1. Authority to Purchase; Notice. (a) Except as otherwise provided in Section 6.5 hereof, all insurance policies relating to the Property shall be purchased by the Board of Directors on such terms and conditions as the Board determines are appropriate. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable cost.

(b) The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article 6 shall not be deemed to protect or to be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(c) All policies of insurance shall be written by reputable companies licensed and admitted to do business in the State of Iowa with a Best rating of not less than "A".

(d) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; provided, however, that the Association may, pursuant to subsection 5.5(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect of a Unit Owner against such Unit Owner.

Section 6.2. Physical Damage Insurance. (a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), debris removal and water damage endorsements, insuring the entire Property (including all of the Units and the bathroom and kitchen fixtures initially installed therein by the Declarant and the replacements thereto installed by the Declarant but not including furniture, carpeting, wallcoverings, furnishings or other personal property supplied or installed by Unit Owners), together with all air-conditioning and heating equipment and other service machinery contained therein and covering the interests of the Town Home Association, the Board of Directors and all Unit Owners and their mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee contained in Section 6.6 hereof), in an amount equal to one hundred percent of the then current replacement cost of the

Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Town Home Association.

(b) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any mortgagee requesting the same, at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors may obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section.

Section 6.3. Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director, the managing agent and each Unit Owner against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Town Home Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Town Home Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to a Unit Owner because of negligent acts of the Town Home Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than one million dollars.

Section 6.4. Other Insurance. The Board of Directors may obtain and maintain:

(a) adequate fidelity coverage to protect against dishonest acts on the part of Officers, directors, trustees and employees of the Town Home Association and all others who handle, or are responsible for handling, funds of the Association, including

the managing agent. Such fidelity bonds shall: (i) name the Town Home Association as an obligee; (ii) be written in an amount not less than one-half the total annual condominium assessments for the year; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) directors and officers-liability insurance in an amount not less than one million dollars; and

(c) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority Vote.

Section 6.5. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain insurance for such Unit Owner's benefit, at such Unit Owner's expense, covering the Unit and such Unit Owner's personal property and personal liability, as well as any improvements made to the Unit by such Unit Owner (under coverage normally called "improvements and betterments coverage"); provided, however, that no Unit Owner shall be entitled to exercise this right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a Unit Owner. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this section.

Section 6.6. Insurance Trustee. (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Town Home Association, the Unit Owners, their mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7.

(b) The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4 and subject to Section 5.2 of the Declaration, in the event of damage to or destruction of all or any part of one or more buildings as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including any damaged Units, and the floor coverings, kitchen or bathroom fixtures and appliances initially installed therein by the

Declarant, and replacements thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecorating of the Unit.

Section 7.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of a building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged Units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Declarant, and the replacements thereof installed by the Declarant, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the insurance trustee determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment therefor shall be levied on the Unit Owners owning Units in the affected building.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

Section 7.3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair upon order of the Board of Directors.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all

affected Unit Owners in proportion to their Common Element Interests and shall be distributed in accordance with the priority of interests at law or in equity in each Unit.

(c) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the Units.

(d) Certificate. The insurance trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary certifying: (i) whether the damaged property is required to be reconstructed and repaired (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the insurance trustee promptly after request.

Section 7.4. When Reconstruction Is Not Required. (i) If the Board of Directors elects not to repair insubstantial damage to the Common Elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all affected Unit Owners in proportion to their respective Common Element Interests.

(ii) If pursuant to Section 5.2 of the Declaration the affected Unit Owners vote not to rebuild, repair, or restore the building, then the insurance proceeds shall be applied first to the cost of razing the building and repairing the land to accommodate the landscape and aesthetics of the Condominium and then to the affected Unit Owners in proportion to their respective Common Element Interests.

ARTICLE 8

Compliance and Default

Section 8.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments, the Rules and Regulations, and the Act as any of the same may be amended from time to time. A default by a Unit Owner shall entitle the Town Home Association, acting through its Board of Directors or through the managing agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his

employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Town Home Association, the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments, the Rules and Regulations, or the Act shall not constitute a waiver of the right of the Association, the Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Town Home Association, the Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from, exercising such other privileges as may be granted to such party by the Condominium Instruments, the Rules and Regulations or the Act or at law or in equity.

(d) Interest. In the event of a default by any Unit Owner in paying any sum assessed against his Unit which continues for a period in excess of fifteen days, interest at a rate equal to eighteen percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the Condominium Instruments or the Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Town Home Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Fines. The Board of Directors and the Covenants Committee may levy reasonable fines against Unit Owners for violations of the Rules and Regulations, the Condominium Instruments or the Act. No fine may be levied for more than one percent of such Unit Owner's annual assessment for any one violation; but each day a violation continues, after notice is given to the Unit Owner, is a separate violation. If a Unit Owner requests in writing a hearing before the fine is imposed, the imposition of the fine shall be suspended until the hearing is held. Fines are special assessments and shall be collectible as such.

Section 8.2. Lien for Assessments.

(a) Lien. The total annual assessment of each Unit Owner for common expenses, Limited Common Expenses or any special assessment, or any other sum duly levied (including without limitation fines, interest, late charges, etc.), made pursuant to these Bylaws, is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in section 499B.17 of the Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after delivery to the Unit Owner of notice of such special assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated at the option of the Board of Directors, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or the managing agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in the manner provided by the laws of the State of Iowa by power of sale or action in the nature of the Board of Directors, or the managing agent, acting on behalf of the Town

Home Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the sale, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 8.3. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a mortgage made in good faith for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 9 Amendments to Bylaws

Section 9.1. Amendments. These Bylaws may be modified or amended by a Majority Vote; provided, however, that until the expiration of the Declarant Control Period, the Bylaws may not be amended without the prior written consent of the Declarant. All amendments to the Bylaws shall be recorded in the land records where the Condominium Instruments are recorded.

ARTICLE 10 Miscellaneous

Section 10.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Town Home Association, the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section. If a Unit is owned by

more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 10.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 10.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 10.4. Construction. These Condominium Instruments are intended to comply with all of the applicable provisions of the Act and shall be so interpreted and applied.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed by its Manager on behalf of the Town Home Association, this 31 day of January, 1994.

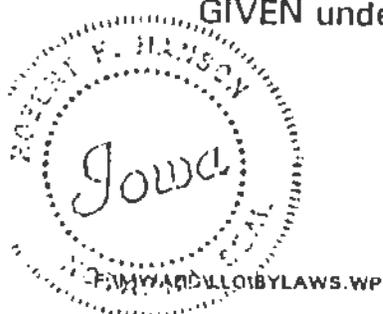
EMERALD MEADOWS, L.C.

By: Randy Rohlfen
Randy Rohlfen, Manager

STATE OF IOWA)
)ss.
COUNTY OF DICKINSON)

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Randy Rohlfen, Manager of Emerald Meadows, L.C., whose name is signed to the foregoing instrument, has acknowledged the same before me in the aforesaid jurisdiction as the manager of the limited liability company.

GIVEN under my hand and seal this 31 day of January, 1994.



Robert F. Hanson
Notary Public in and for the
State of Iowa

ADDITIONAL RESTRICTIVE COVENANTS TO EMERALD MEADOWS BY-LAWS

Under Section 5.8, Rules and Regulations

(7) Modified to allow a trailer, camper, r. v., or boat to be parked on the Property for a maximum of three days. The same is true for guests of residents..

(8) In addition, no dog runs or kennels.

Addition, #(10): There shall be no fences, clotheslines, or satellite dishes that exceed 2 feet in diameter.