

Carol "Cindy" Hol, Recorder
Dallas County IOWA

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SCANNED

**DECLARATION OF SUBMISSION OF PROPERTY TO
HORIZONTAL PROPERTY REGIME FOR
BELLA SOUTH CONDOMINIUMS**

THIS DECLARATION is made on this Wednesday, May 03, 2006, by Bella South, L.L.C. (hereinafter referred to as "Declarant"), an Iowa Limited Liability Company, with its principal place of business located in Polk County, Iowa.

RECITALS:

WHEREAS, Declarant is the owner of certain property (hereinafter referred to as the "Property") situated in Dallas County, Iowa, which has been officially platted on 09/16/2005 in the Office of the Recorder, Dallas County, Iowa, Book 2005, Page 15491, and is now legally described as:

BELLA SOUTH PLAT 1, an Official Plat, now included in and forming a part of the City of West Des Moines, Dallas County, Iowa;

WHEREAS, it is the desire and intention of Declarant to enable all of said real estate together with all buildings, structures, improvements and other permanent fixtures of any kind thereon, and all rights and privileges belonging or in any way pertaining thereto with the Property to be owned by Declarant and by each successor in interest of Declarant, under that certain type or method of ownership commonly known as a "Condominium" and described as a "Horizontal Property Regime" under Chapter 499B of the Iowa Code (2006), to be known as "Bella South Condominiums";

WHEREAS, by this Amendment thereto, Declarant intends the property into separate parcels of real estate hereinafter defined as "Units" which, in accordance with the provisions contained herein, shall be subjected to the benefits and burdens of a Horizontal Property Regime;

WHEREAS, by this Declaration, Declarant sets forth the phasing model of construction. The construction of Bella South Condominiums shall proceed in three phases. There shall be three (3) phases with the construction of each constituting a separate phase.

WHEREAS, Declarant desires to establish for the mutual benefit of all Owners and occupants of Units, certain covenants, conditions, restrictions, easements and rights on, over and upon the property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof;

WHEREAS, Declarant intends that this Declaration shall be in force and take effect from and after the date that it is recorded in the office of the Dallas County Recorder, subject to further amendment as provided herein;

NOW THEREFORE, the undersigned Declarant does hereby declare that all of the Property is held and shall be held subject to the following covenants, conditions, restrictions, easements, charges and liens, all of which are for the improvement of Property and shall run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any persons owning an interest in the real property, improvements and appurtenances thereto, their grantees, successors, heirs, executors, administrators and assigns.

ARTICLE I DEFINITIONS AND GENERAL

A. Definitions.

1. "Act" means "Horizontal Property Act" of the State of Iowa. See Iowa Code § 499B.1 (2006).
2. "Apartment" means one or more rooms occupying all or a part of a floor or floors in a building of one or more floors or stories and notwithstanding whether the apartment be intended for use or used as a residence, office, for the operation of any industry or business or for any other use not prohibited by law. The terms apartment and condominium are synonymous.
3. "Association" means the BELLA SOUTH OWNERS ASSOCIATION, INC., an Iowa non-profit corporation, its successors and assigns.
4. "Board" means the Board of Directors of the Association, and shall also mean the Board of Administration referred to in the Act.
5. "Buildings" means and includes one or more buildings, whether attached to one or more buildings or unattached; any improvement on the Property containing one or more Units.
6. "Bylaws" means the Bylaws of the Association, attached hereto as Exhibit "A" and by this reference made a part hereof, as amended from time to time.

7. "Common Elements" shall mean all of the real property, including the improvements thereto, and/or personal property and/or fixtures owned and maintained by the Association for the common use and enjoyment of the Owners. Except for the Units, and, without limiting the generality of the foregoing, shall include those items defined as "General Common Elements" in the Act, including the following now or hereafter situated on the Property or the Parcel, to wit:

- (a) The Parcel;
- (b) All foundations, floors, bearing walls and columns, exterior walls of each Unit and of the Buildings, ceilings and roofs, chimneys, pipes, conduits, and electrical wiring;
- (c) Outside uncovered parking areas, roofs, yards, gardens, and perimeter fence, except as otherwise herein provided or stipulated;
- (d) All compartments or installations of central services such as power, light, gas, water, cable television (if any), and the like;
- (e) All shafts, stationary garbage dumpsters and mailbox structures, and, in general, all devices or installations existing for common use.
- (f) All other elements of the Property desirably or rationally for common use or necessary to the existence, upkeep and safety of the condominium regime established by this Declaration.
- (g) Any leasehold interest in property wherein the Association is the Tenant or any clubhouse/recreational facility owned or leased by the Association for the common use and enjoyment of the Owners.

General common elements shall not be converted to Limited Common Elements without an affirmative majority vote of those voting at a regular or special meeting of the Council of Co-Owners.

8. "Common Expenses" shall mean and include the following:

- (a) All sums lawfully assessed against the Unit Owners by the Managing Agent or Board;
- (b) All expenses of administration and management, maintenance, operation, repair or replacement of and additions to the Common Elements;
- (c) Expenses agreed upon as common expenses by the Unit Owners; and,

- (d) Expenses agreed upon as common expenses pursuant to this Declaration or by the Bylaws.
 - (e) All expenses of administration and management, maintenance, operation, repair or replacement of any leased property, including, but not limited to, any and all expenses related to the leasehold of clubhouse/recreational facilities;
9. "Council of Co-Owners" means all of the Unit Owners, which Council of Co-Owners has been incorporated as the Association.
10. "Declarant" shall mean and refer to the undersigned BELLA SOUTH, L.L.C., its successors and assigns.
11. "Declaration" shall mean and refer to this Declaration of Submission of Property to Horizontal Property Regime, to which the Property is subject.
12. "Eligible Mortgage Holders" shall mean those holders of a first mortgage on a Unit who have requested that the Association notify them on any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.
13. "Limited Common Elements" means all Common Elements serving exclusively a single Unit or one or more adjoining Units as an inseparable appurtenance thereto, the enjoyment, benefit or use of which is reserved to the lawful occupants of such Unit or Units, either in this Declaration, in the Plans or by the Board. Limited Common Elements shall include, but shall not be limited to, the area defined by the unfinished surface of the walls, floor, ceiling and doors (and exterior surfaces of windows) of individual Units and of garages assigned to individual Units, driveways to individual Units, as well as convectors, pipes, conduits, ducts, and electrical wiring located entirely within a Unit or adjoining Units and serving only such Unit or Units; any patios, decks, individual yards or garden plots and such portions of the perimeter walls, floors and ceilings, doors, vestibules, windows, chimneys, entryways and garages serving individual Units exclusively; outside light fixtures serving an individual Unit; individual Unit storage areas; sump pumps in specified Units; and patio fences and all associated fixtures and structures, as lie outside the Unit boundaries which serve one or more individual Units.
14. "Majority" or "majority of the Unit Owners" means more than fifty percent (50%) of the membership votes in the Association.

15. "Occupant" means a person or persons in possession of all or any part of a Unit, regardless of whether said person is a Unit Owner. The term includes family, guests, tenants and invitees of an Owner, and the terms and provisions hereof shall be binding upon all Occupants.
16. "Parcel" means the parcel or tract of real estate described above in this Declaration, submitted to the provisions of the Act.
17. "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.
18. "Plans" means the survey, floor plans and drawings of the Buildings and improvements, attached hereto as Exhibit "B," and by this reference made a part hereof. The plans and drawings attached as Exhibit "B" illustrate and provide Unit Owners a general description of the building, the number of stories, the number of condominiums, the condominium numbers, identification of each condominium's location, approximate area, number of rooms, common areas and a description of the principal materials to be used for proper identification. See Iowa Code §499B.4 (2006). The plans and specifications attached hereto should not be relied upon by any potential purchaser or Unit Owner for detailed specifics of any individual condominium as constructed. They are merely provided pursuant to Iowa Code § 499B.4 to graphically show the general dimensions, area and location of the common elements, the buildings, the units and the common facilities.

As a part of Exhibit "B", Declarant has attached the following:

- (1) Surveyor's Certification as required by Iowa Code § 499B.6 (2006);
 - (2) Principal Material Description identifying the principal materials to be used in the construction of the buildings. See Iowa Code § 499B.4(2) (2006).
19. "Property" means all the land, property and space comprising BELLA SOUTH PLAT 1, an Official Plat, now included in and forming a part of the City of West Des Moines, IA, including, all improvements and structures now or hereafter erected, constructed or contained therein or thereon, including the Buildings and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners.

20. "Record" or "Recording" refers to a record or recording in the Office of the Recorder of Dallas County, Iowa.
21. "Surveyor's Certification" refers to the document attached hereto as part of Exhibit "B" as required by Iowa Code.
22. "Unit" means an enclosed space consisting of rooms occupying part of a Building, which enclosed space is not owned in common with the Unit Owners of other Units, and the Garage designated for said Unit. Each Unit is numbered as shown on the Plans, and the boundaries of each Unit shall be and are the unpainted surfaces of its perimeter interior drywalls, unfinished surface of its floor, the unfinished surface of its ceilings, the unfinished interior surface of its exterior door(s), and the exterior surface of its windows; and a Unit includes both the portion of the Building so described and the air space so encompassed, excepting Common Elements. Any Unit may be jointly or commonly owned by more than one person. It is intended that the term "Unit" as used in this Declaration shall have the same meaning as the term "Apartment" or "Condominium" as used in the Act.
23. "Unit Owner" or "Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto, but shall not include those, out of possession, having an interest in a Unit merely as security for the performance of an obligation. The Term "Unit Owner" does include Declarant although Declarant shall not be responsible for dues or assessments for vacant units owned by Declarant as set forth in Article XVI, Number 2. It is intended the term "Unit Owner" as used in this Declaration shall have the same meaning as the term "Co-Owner" as used in the Act, and the same meaning as the term "member" as may be used in the Declaration, Bylaws and related documents.

B. General

1. Whenever the context so permits or requires, the singular shall include the plural and the plural the singular, and the use of any gender shall include all genders.
2. References to an Owner, the Association, or any person or entity shall include the respective successors, grantees and assigns thereof.
3. The invalidity of any covenant, restriction, agreement, undertaking, or other provision of this Declaration or the Bylaws shall not affect the validity of the remaining portions thereof.

4. Exhibits attached hereto and referred to herein are by this reference made a part hereof with the same force and effect as other provisions of this Declaration.
5. Declarant expressly intends to, and by recording this Declaration does hereby, continue to subject the Parcel and the Property to the provisions of the Act.
6. The Plans set forth the descriptions, locations and other data, as required by the Act. The Plans show graphically all particulars of the Buildings including, but not limited to, the following:
 - (a) The location, approximate area, number of rooms, and designated number of each Unit;
 - (b) The dimensions, area and location of Common Elements affording access to each Unit;
 - (c) The other Common Elements, both limited and general, insofar as possible.

See Exhibit "B".

7. The legal description of each Unit shall consist of the identifying number of such Unit as shown on the Plans, a description of the Garage Unit, a description of the Parcel, the recording information of this Declaration, and its appurtenant undivided interest in the Common Elements. Every deed, lease, mortgage or other instrument shall describe a Unit by its identifying number as shown on the Plans and every such description shall be deemed good and sufficient for all purposes, except as may be otherwise provided in the Act, and shall without further reference be deemed to refer also to the undivided fractional interest in common elements attributable to that Unit. Except as provided in this Declaration and in the Act, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause his Unit to be separated into any tracts or parcels different from the whole Unit as shown on the Plans.
8. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership thereof so long as suitable for a condominium regime, and, in any event, all mortgages of Units must be paid in full prior to bringing an action for partition or the consent of all mortgagees must be obtained, except as otherwise provided in the Act.

9. There has been formed an Association having the name "Bella South Owners Association, Inc.," an Iowa nonprofit corporation, which Association shall be the governing body for all of the Unit Owners, for the maintenance, repair, replacement, administration and operation of the Property and any leasehold interests, as provided in the Act, this Declaration and the Bylaws. The Board of Directors of the Association shall be elected and shall serve in accordance with the provisions of the Bylaws. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be for the sole benefit of the Unit Owners, and all funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions of this Declaration and the Bylaws, except as provided for herein. Each Unit Owner shall be a member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall automatically terminate when he ceases to be a Unit Owner. Upon the conveyance or transfer of a Unit Owner's ownership interest to a new Unit Owner, by operation of law or otherwise, the new Unit Owner shall simultaneously succeed to the former Unit Owner's membership in the Association.
10. The Board shall have the authority to engage the services of an agent (herein sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Property, or any part thereof, to the extent deemed advisable by the Board. The Board shall also have the authority (but shall not be obligated) to engage, supervise and control such employees as the Board deems advisable to clean and maintain or supervise any or all or any part of the Units and/or Common Elements to the extent the Board deems it advisable to provide such services. The cost of such services and/or employees shall be a Common Expense.
11. The Board may from time to time enter into a management agreement between the Association and a management company to act as Managing Agent for the Property. Such management agreement shall be for a reasonable term of years and shall be renewable by consent of the Association and Managing Agent.
12. The Board shall have authority to purchase, lease and/or mortgage one or more Units or other residential quarters for use by employed personnel. All rental or debt service paid by the Association pursuant to any such lease agreement or mortgage shall be a Common Expense.
13. The directors, Board, officers, and employees of the Association shall not be personally liable to the Unit Owners for any mistake of

judgment or for any acts or omissions of any nature whatsoever as such directors, Board, officers, or employees, except for any acts or omissions found by a court to constitute fraud or intentional wrongdoing. The Unit Owners shall indemnify and hold harmless each of the directors, Board, officers, and employees and their respective heirs, executors, administrators, successors and assigns in accordance with the provisions of the Bylaws.

14. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Unit Owners, subject to the right of Unit Owners to seek other remedies provided by law after such determination by the Board.
15. The driveways shown in Exhibit "B" shall be private driveways within the regime and Common Elements thereof, affording access to the Units and Common Elements from public sheets and an easement over such driveways as is necessary for ingress and egress to such units and Common Elements shall be appurtenant to each Unit.

ARTICLE II OWNERSHIP OF UNIT

Section 1. Each Unit Owner shall be entitled to exclusive ownership and possession of his Unit.

Section 2. Each Unit Owner shall be entitled to the fractional ownership in the Common Elements allocated to the Unit owned by such Unit Owner, as set forth in Exhibit "C". Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective fractional ownership. The ownership of each Unit shall not be conveyed separate from the fractional ownership in the Common Elements corresponding to said Unit. The undivided fractional ownership in the Common Elements corresponding to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to the number of that Unit, or may refer to an incorrect fractional ownership in the Common Elements for that Unit.

Section 3. Each Unit Owner shall have the right to use the Common Elements (except the Limited Common Elements and portions of the Property subject to leases made by or assigned to the Board) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements

shall extend to not only each Unit Owner, but also to his agents, servants, family members, and invitees, and may be assigned to Tenants. However, each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements serving such Unit alone or with adjoining Units. Such rights to use the Common Elements, including the Limited Common Elements, shall be subject to and governed by the Act, Declaration, Bylaws and rules and regulations of the Association. In addition, the Association shall have the authority to rent, lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of the Declaration and Bylaws. All income derived by the Association from leases, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, regulations or resolutions as the Board may adopt or prescribe.

Parking areas shall be part of the Common Elements, and may be allocated and reallocated, from time to time, to the respective Unit Owners, and shall be used by such Unit Owners in such manner and subject to such rules and regulations as the Board may prescribe, and parking spaces not so used by Unit Owners may be rented or otherwise used in such manner as the Board may prescribe.

Section 4. Appurtenant to each Unit shall be easements from each Unit Owner to each other Unit Owner and to the Association and from the Association to the respective Unit Owners as follows:

- (a) For ingress and egress through the Common Elements and for maintenance, repair, and replacement as authorized by the Declaration or Bylaws;
- (b) Through the Units and Common Elements for maintenance, repair and replacement or reconstruction of Common Elements, but access to or through Units shall be only during reasonable hours except in case of emergency;
- (c) Through the Units and Common Elements for installation, maintenance, repair, replacement or reconstruction of conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility or other services to one or more of the Units or the Common Elements.

The easement rights reserved to the Association in this Section 4 may, with the prior consent of the Association, be exercised and enjoyed by contractors or assignees of the Association.

Section 5. Each Unit Owner, at his own expense, shall furnish and be responsible for all decorating within his own Unit and Limited Common Elements serving his Unit, as may be required or desirable from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting, hanging paintings, hanging mirrors, hanging bookshelves and other furnishings and decorations. Each Unit Owner shall be entitled to the exclusive use of the interior unpainted surfaces of the perimeter drywalls, the unfinished surfaces of the floors and the unfinished surfaces of the ceilings of his Unit and garage, and such Unit Owner shall maintain said

interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the rules and regulations of the Association, but each such Unit Owner shall have the right to decorate and use such interior surfaces from time to time as he may see fit and at his sole expense, and shall have an easement to penetrate the Common Elements surrounding his Unit and garage as may be reasonably necessary in conjunction therewith. Each Unit Owner shall be responsible for maintaining garage doors, doors, screen doors and screens on windows.

Section 6. If any portions of the Common Elements shall actually encroach upon any Unit, or if any Unit shall actually encroach upon any portion of the Common Elements, or if any Unit shall actually encroach upon another Unit, as the Common Elements and Units are shown on the Plans, there shall be deemed to be mutual easements in favor of the owners of the Common Elements and respective Unit Owners involved, as the case may be, to the extent of such encroachment, so long as the same shall exist.

Section 7. There is also reserved in favor of the City of West Des Moines, Iowa, an easement for ingress and egress and for ingress and egress as may be necessary to utilize and service water mains and water meters, sanitary sewers, and storm sewers located on, under or through Common Elements. Such easement will be exercised at reasonable times and in a reasonable manner. A similar easement, to be exercised in like manner, shall exist in favor of utility companies serving all or any portion of the Property.

Section 8. There is also reserved in favor of all Owners, Assigns, Future Owners, their Tenants and Invitees or Licensees, the following perpetual and irrevocable parking and ingress/egress easement.

ARTICLE III COMMON EXPENSES AND ASSESSMENTS

Section 1. Each Unit Owner (subject to provisions contained within Article XVI) shall pay his proportionate share of the Common Expenses corresponding to that Unit Owner's undivided fractional interest in the Common Elements. Payment of Common Expenses, including any prepayment thereof required by a contract for sale of a Unit, shall be in such amounts and at such times as determined in the manner provided in the Bylaws. No Unit Owner shall be exempt from payment of his proportionate share of the Common Expenses by waiver or non-use or non-enjoyment of recreational amenities, or the Common Elements or Limited Common Elements, or by abandonment of his Unit. The amount of each Unit Owner's proportionate share of the Common Expenses, together with interest thereon at the legal rate for money judgments as may then be permitted under the law of the State of Iowa, or such other rate as may be fixed by Board resolution, accruing from and after the date that said Common Expenses become due and payable, shall constitute a lien on the interest of such Unit Owner in the Property and his Unit from the date that notice thereof is given by the Board.

Section 2. The Board may bring an action at law against the Unit Owner (excepting Declarant) personally obligated to pay the same, for collection of his proportionate share of the Common Expenses after it becomes due, or foreclose the lien against the Unit or Units owned by such Unit Owner, and interest, costs, and reasonable attorney's fees arising from any such action shall be added to the amount of such assessment. Each Unit Owner, by his acceptance of a deed to a Unit or possession thereof, expressly vests in the Board or its agents the right and power to bring all actions against such Unit Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens. The lien provided for in this section shall be in favor of the Association and shall be for the common benefit of all Unit Owners. The Board acting on behalf of the Unit Owners shall have the power to bid upon an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 3. The lien for Common Expenses payable by a Unit Owner shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner, except for the amount of the proportionate share of Common Expenses which becomes due and payable from and after the date on which the mortgagee thereunder either takes possession of the Unit encumbered thereby, accepts a conveyance of any interest therein (other than as security) or files suit to foreclose its mortgage and causes a receiver to be appointed. This Section 3 shall not be amended, changed, modified or rescinded without the prior written consent of Eligible Mortgage Holders.

ARTICLE IV MAINTENANCE, ALTERATION AND IMPROVEMENT

Section 1.

(a) The Association shall maintain all Common Elements, whether limited or general, and shall make assessments therefor as a Common Expense, except where maintenance has been specifically made the responsibility of the respective Unit Owners. The Association shall maintain exterior lighting fixtures serving more than one Unit. At the discretion of the Board, maintenance of, repairs to, and replacements within, the Limited Common Elements may be provided and assessed in whole or in part to Unit Owners benefited thereby, and further, at the discretion of the Board, the Board may direct Unit Owners who stand to be benefited by such maintenance of, repairs to, and replacement within, the Limited Common Elements to arrange for such maintenance, repairs and replacements in the name and for the account of such benefited Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such lien waivers and contractor's and subcontractor's sworn statements as may be required to protect the Property from all mechanics' or materialmen's lien claims that may arise therefrom. The respective Unit Owners shall be responsible for the maintenance of, repairs to, and replacement of exterior light fixtures, of uniform appearance, which serve their individual Units.

(b) As a part of the maintenance of the Common Elements, the Association shall provide exterior maintenance within the Property as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, driveways and other exterior improvements. Such exterior maintenance shall not include storm windows, screens, storm or screen doors, or glass surfaces, which maintenance shall be at the expense of Unit Owners. The Unit Owners shall also be responsible for the maintenance and repair of any water or sewage pipes serving their respective Units and which are within the reach of a ten (10) foot plumbing snake used for clearing debris from said pipes.

In the event that there is a need for maintenance or repair to the Units, Common Areas, Improvements, or any need of repair or maintenance that is caused by the willful or negligent act(s) of an Owner, or through the willful or negligent acts of the family, guests, tenants, invitees, or those whose presence on the property is caused by the Owner, the cost of such maintenance shall be added to and become part of the assessment against that Owner's Unit, collectible in the same manner as assessments for Common Expenses.

(c) The Association shall repair incidental damage caused to Limited Common Elements serving a Unit by ordinary wear and tear through ordinary maintenance by the Association and shall assess the cost thereof as a Common Expense, except as otherwise specifically provided herein. As a part of a general plan the Association may elect to separately assess to the benefited Unit(s) the cost of repairing damage to Limited Common Elements attributable to ordinary wear and tear.

(d) If a Unit Owner defaults on his responsibilities of maintenance, the Association may, in its discretion, assume such responsibilities and in so doing shall assess the cost thereof against the Owner of such Unit and such assessment shall be collectible as if it were an assessment for Common Expenses.

(e) The Association may, in its discretion, assume responsibility for any maintenance project which requires reconstruction repair, rebuilding, renovation, restoration or similar work to more than one Unit and the cost thereof may be, in the discretion of the Board, either assessed against each Unit for which such costs were incurred, or assessed against all Units as a Common Expense according to the circumstances.

Section 2.

(a) Each Unit Owner at his own expense shall maintain the interior, including the boundary surfaces, of such Unit, its assigned garage, and its equipment, shall keep such interior in a clean and sanitary condition, shall do all redecorating, painting and other finishing which may at any time be necessary to maintain his Unit and his assigned garage, and shall be responsible for the maintenance of all personalty including carpets, furnishings, and appliances within such Unit and assigned garage. Each Unit Owner at his own expense shall be responsible for glass replacement and inside/outside window washing of windows serving his Unit and his assigned garage.

(b) Each Unit Owner at his own expense shall be responsible for maintenance of any plumbing fixtures, fireplaces, lighting fixtures, refrigerators, dishwashers, washers, dryers, hot water heaters, furnace, air conditioning unit, disposals, or ranges located in or exclusively serving such Unit. Unit Owners of Units in which a sump pump is located will assure that the same is continuously connected to a power source and will pay utility charges for its operation. If a Unit has an exterior light fixture serving more than one Unit, the Unit Owner of that Unit will assure that the same is continuously connected to a power source at all times when it is desirable that it be in operation, and will pay the utility charges for its operation.

(c) The Unit Owner shall maintain, at his expense, any improvement or other alteration made by him, unless otherwise provided by action of the Board, and shall keep in a presentable condition any patio or deck area reserved as a Limited Common Element for his Unit, including necessary snow and debris removal, and shall similarly maintain the interior of any garage or garage space reserved as a Limited Common Element for his Unit.

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

Section 3. No Unit Owner shall make or permit to be made any structural alteration to a Unit or to a Building or any of the Common Elements, limited or general, without first obtaining written consent of the Association which shall determine the proper insurance of such improvement or other alteration, and the effect of such improvement or alteration on other insurance on the Property, and which shall arrange with such Unit Owner for the payment of the cost of any additional insurance thereby required. The Unit Owner shall furnish to the Association, at his expense, data necessary for the Association to determine whether the alteration or improvement will alter the structural soundness of the Building. The Unit Owner shall also obtain the necessary consents of all applicable government bodies. In the case of alterations within a Unit the consent required by this section shall be immediately granted upon agreement of the Unit Owner to pay the cost of such additional insurance, and a determination that such alteration will not impair the structural soundness of the Building, safety of the Property, or the quiet enjoyment of other Unit Owners. Alterations to the exterior of the Building or Common Element, however, shall not be made, if, in the opinion of the Association, such alteration would not become the integrity and appearance of the Property as a whole. The Board may condition its approval upon such terms and restrictions as it may deem reasonable for the protection of the interests of the Association and other Unit Owners. No Owner shall do any act or work which will impair the structural soundness or integrity of any Building or safety of the Property, or impair any easement.

Section 4. Except for a management agreement and expenditures (construction of maintenance facilities) and contracts specifically authorized by this Declaration and the Bylaws, the Association may not make additions, alterations, or improvements to the Common Elements without the approval of the Unit Owners if the cost exceeds \$5,000 the first year after the filing of this Declaration, such limitation being increased thereafter

by 10% per year compounded, unless required for emergency repair, protection or operation of the General or Limited Common Elements. Any additions, alterations, or improvements costing in excess of that limitation shall have been approved by a majority vote at a meeting of Unit Owners duly called. All such costs shall be assessed as a Common Expense against the Unit Owners. This provision does not apply to the construction of any recreational facility within two years after the date of the filing of this document. After the expiration of two years, this provision shall so apply.

ARTICLE V MORTGAGES

Each Unit Owner shall have the right, subject to the provisions herein, to execute separate mortgages for his respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create or cause to be made or created from the date hereof any mortgage or other lien on or affecting the Property or any part thereof, except only to the extent of his own Unit and respective fractional interest in the Common Elements appurtenant thereto. All Eligible Mortgage Holders shall be notified of any default by their respective Unit Owner under the terms hereof if said default is not cured within thirty (30) days of notice of default to the Unit Owner. All mortgage holders and insurers shall have access to inspect the Declaration, Bylaws and other rules governing the regime, and all books, records and audited financial statements of the Association. Such access shall be at reasonable times, and a reasonable fee may be charged to cover the actual cost of producing documents for such inspection. This Article VI may not be amended without the concurrence of at least fifty one percent (51 %) of Eligible Mortgage Holders. In addition, Eligible Mortgage Holders shall be notified in writing of the following:

- (a) Any proposed amendment of the condominium instruments effecting a change in (i) the boundaries of any unit or the exclusive easement rights appertaining thereto, (ii) the interest in the general or limited common elements appertaining to any unit or the liability for common expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any unit or (iv) the purposes to which any unit or the common elements are restricted.
- (b) Any proposed termination of the condominium regime;
- (c) Any condemnation loss or any casualty loss which affects a material portion of the condominium regime or which affects any unit on which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- (d) Any delinquency in the payment of assessments or charges owned by an owner of a unit subject to the mortgage of such eligible holder, insurer, or guarantor, where such delinquency as continued for a period of 60 days;
- (e) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 2. Other Provisions for Eligible Mortgage Holders. To the extent possible under applicable law, the following protections for the benefit of first mortgage holders shall exist:

(a) Any restoration or repair of the condominium property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on units to which at least 51% of the votes of units subject to mortgages held by such eligible holders are allocated, is obtained.

(b) Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the condominium property must require the approval of the eligible holders of first mortgages on units to which at least 51% of the votes of units subject to mortgages held by such eligible holders are allocated.

(c) Unless the formula for reallocation of interests in the common elements after a partial condemnation or partial destruction of the condominium project is fixed in advance by this Declaration or by applicable law, no reallocation of interest in the common elements resulting from a partial condemnation or partial destruction of the condominium project may be effected without the approval of the eligible holders of first mortgages on units to which at least 51% of the votes of units subject to mortgages held by such eligible holders are allocated.

ARTICLE VI REAL ESTATE TAXES

Taxes, assessments and other charges of any taxing or assessing authority shall be separately assessed and levied against each Unit Owner for his Unit and his corresponding fractional ownership interest in the Common Elements, as provided in the Act. In the event that any such taxes or assessments for any year are not separately assessed and levied against each Unit Owner, but rather are assessed or levied against the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective fractional ownership interest in the Common Elements, and, in said event, such taxes or assessments shall be a common expense. Without limiting the authority of the Board provided for elsewhere herein, the Board shall have the authority to collect from the Unit Owners their proportionate share of such taxes or assessments for any year in which taxes are assessed or levied against the Property as a whole, in the same manner as collection for assessments for Common Expenses.

ARTICLE VII UTILITY CHARGES

Unit Owners shall be individually responsible for utility charges which they incur for water, electricity, gas, telephone, cable television, sewer and other services provided by

the municipality or any utility company, in the same manner as persons occupying single family, detached houses.

ARTICLE VIII DESTRUCTION OR DAMAGE

Section 1. In case of fire or any other disaster which causes damage or destruction to all or part of the Property, the Association, with the help of an independent appraiser, shall determine the percentage of the Property that was destroyed or substantially damaged. If less than two thirds (2/3) of the total Property was destroyed or substantially damaged, the Association shall arrange for the prompt repair and restoration of said Property using the proceeds of insurance on the same for that purpose, and all of the Unit Owners shall be liable for assessment for any deficiency in proportion to their respective undivided fractional interest in the Common Elements. Reconstruction of the Property shall mean the restoring of the same to substantially the same condition as was authorized by the Association and existing prior to the damage or destruction, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before.

Section 2. If two thirds (2/3) or more of the total Property is destroyed or substantially damaged, the Association shall, within thirty (30) days after such destruction or damage, call a special meeting of Unit Owners for the purpose of deciding whether or not the Property shall be repaired and restored. Notice of any such special meeting shall be given at least three (3) days in advance to all Eligible Mortgage Holders. If at least two thirds (2/3) of the votes at such meeting favor repair or restoration, the Association shall promptly arrange for such repair or restoration, using the proceeds of insurance on the improvements affected for that purpose, and all of the Unit Owners shall be liable for assessment for any deficiency in proportion to their respective undivided fractional interest in the Common Elements. However, in the event that at least two-thirds (2/3) of the total Property is destroyed or substantially damaged, and less than two-thirds (2/3) of the votes at such meeting favor making provision for reconstruction, the Association shall record, with the Dallas County Recorder, a notice setting forth such facts; and upon the recording of such notice: (i) the Property shall be deemed to be owned in common by the Unit Owners; (ii) the undivided interest in the Property owned in common which shall appertain to each Unit Owner shall be the undivided fractional interest previously owned by such Owner in the Common Elements; (iii) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided fractional interest of the Unit Owner in the Property; and (iv) the Property shall be subject to an action for partition at the suit of any Unit Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, shall be considered as one fund and shall be divided among all Unit Owners in accordance with the undivided fractional interest owned by each Owner in the Property, as set forth in Exhibit "C" of this Declaration, after first paying out of the respective shares of the Unit Owners all sums necessary to satisfy liens on the undivided fractional interests in the Property owned by each Unit Owner and all sums necessary to make the remaining property safe and bring it into compliance with applicable laws. (See also Article XII, Section 1 hereof.)

Section 3. Except as provided by statute, in case of condemnation or substantial loss to the units and/or common elements of the Condominium Project, unless at least two-thirds of the first mortgages (based on one vote for each first Mortgage owned) or Owners (other than the sponsor, developer or builder) of the individual Condominium Units have given their prior written approval, the homeowners association may not:

1. By act or omission seek to abandon or terminate the Condominium Project.
2. Change the pro rata interest or obligations of any Condominium Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards or determine the pro rata share of ownership of each Condominium Unit in the common elements. This requirement will be deemed waived to the extent necessary to allow the phasing or add-ons in accordance with the condominium constituent documents.
3. Partition or subdivide any Condominium Unit.
4. Seek to abandon, partition, subdivide, encumber, sell or transfer the common elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the common elements by the Condominium Project is not a transfer within the meaning of this clause. This requirement will be deemed waived to the extent necessary to allow the phasing or add-ons in accordance with the condominium constituent documents.
5. Use hazard insurance proceeds for losses to any condominium property (whether units or common elements) for other than repair, replacement or reconstruction of the condominium property.

ARTICLE IX INSURANCE

Section 1. The Association shall obtain and maintain at all times, to the extent reasonably available, at least the following insurance which must at all times be consistent with Federal National Mortgage Association ("FNMA") requirements (hereinafter referred to as "Condominium Property Insurance"):

- (a) Insurance on the Property in an amount equal to the full replacement value (i.e., 100% of "replacement cost" of the Property (as determined annually by the Association)) and with a replacement cost endorsement which provides for the payment of all losses in accordance with such terms as may be determined by the Board. Such coverage shall at least afford protection against the following:

- (i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement and additional extended coverage endorsement;
- (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, machinery explosion or damage, and such other insurance as the Association may from time to time determine; and
- (b) Comprehensive public liability insurance in such amounts (but not less than \$1,000,000 for any one occurrence) with such coverage as may be considered appropriate by the Association including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile and any and all other liability incident to the ownership and/or use of the Property or any portion thereof; and
- (c) Worker's compensation insurance to the extent necessary to comply with applicable laws; and
- (d) Appropriate fidelity bond coverage for any person or entity handling funds of the Association, including but not limited to, employees of any professional management firm; and
- (e) Such other policies of insurance, including Director's and officer's liability insurance and insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Association.

Section 2. The premiums for the insurance coverage shall be a Common Expense to be paid by monthly assessments levied by the Association against Unit Owners.

Section 3. The Association, or its designee, shall have the exclusive authority to adjust losses under the insurance policies.

Section 4. In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Unit Owners or their respective mortgagees.

Section 5. Each Unit Owner may obtain additional insurance at his own expense upon his Unit provided that no Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force on any portion of the Property.

Section 6. All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insured persons named thereon, including any and all mortgagees of the Units whether named individually or as a class.

Section 7. The Association may from time to time designate an Insurance Trustee. The Association shall be responsible for fees and expenses of the Insurance Trustee which shall constitute a Common Expense. The Board may, alternatively, choose to act as the Insurance Trustee.

Section 8. Except as hereinafter provided, the Association or Insurance Trustee so designated shall receive and hold the amount payable under the Condominium Property Insurance and apply the same to the cost of reconstruction or repair as herein provided. The Owner of a damaged or destroyed Unit shall be obligated to commence the work of repairing or reconstruction of the Unit within sixty (60) days from the date of the damage or destruction. The work shall be accomplished in accordance with the same plans and specifications by which the Unit was originally constructed, subject, however, to the prior written approval of the Association. The Association or Insurance Trustee shall make available and pay to the Owner the amount of insurance proceeds received by the Association or Insurance Trustee for the reconstruction and repair of the Unit. The payment of the proceeds of insurance shall be made as the work progresses at such time and upon compliance by the Owner with such conditions as the Association or Insurance Trustee shall impose, in order to assure full restoration or repair of the damaged portions of the Unit in a workmanlike manner, free and clear of any mechanic's and materialmen's liens and any encumbrances, liens, claims or charges.

Section 9. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written with a company or companies licensed to do business in the State of Iowa and approved by the Association;

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Association or its authorized representative, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall herein elsewhere be referred to as the "Insurance Trustee" and all proceeds covering any loss shall in such event be payable to the Insurance Trustee, or to his successor. All proceeds from an insured loss under such policy shall be held for the use and benefit of the Association and the Owners of all Units and their respective mortgagees as their interests may appear, and subject to the provisions of Section 8 above. Such insurance proceeds shall be applied and distributed in accordance with the articles relating to insurance in the Declaration and Bylaws, and rules, regulations and resolutions of the Board not inconsistent therewith.

(c) All fire and other hazard insurance policies shall provide that, notwithstanding any provisions thereof which give the carrier the right to erect a structure or restore damage in lieu of making a cash settlement, such option shall not be exercisable when in conflict with the provisions of the Declaration or the Bylaws.

(d) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors of the Association, their agents

and employees, the respective Unit Owners, their resident employees, agents and guests, except with respect to acts of intentional wrongdoing. Independent contractors shall not be considered agents, employees or servants of the Association or of the respective Unit Owners, within the meaning of said waiver.

(e) The insurance policy shall contain a provision that the insurance shall not be prejudiced:

(i) By any act or neglect of any occupants or Owners when such act or neglect is not within the control of the Unit Owners collectively; or

(ii) By failure of the Unit Owners collectively to comply with any warranty or condition with regard to any portion of the premises over which the Unit Owners collectively have no control.

(f) The Owner of any Unit (including the holder of any mortgage thereon) may obtain additional insurance at his own expense. Such insurance shall be written either by the same carrier as that providing coverage purchased by the Association pursuant to this Article, or, if written by another carrier, shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as set forth in Section 9(d) of this Article. Each Owner of a Unit in the project has the sole responsibility for obtaining, in addition to the insurance hereinabove provided to be obtained by the Association, any "Tenant's Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, vandalism or malicious mischief, theft, personal liability and the like. Such policy shall include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the unit made or acquired at the expense of the Owner.

Section 10. No condominium unit owner or any other party has priority over any rights of the first mortgagee of the Condominium Unit pursuant to its Mortgage in the case of payment to the unit owner of any insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or common elements.

ARTICLE X EMINENT DOMAIN

Payment for the taking of a portion of a Unit or of the Common Elements by eminent domain or the conveyance under threat thereof shall be deemed to be proceeds from insurance on account of casualty and shall be deposited with the Insurance Trustee. Even though the awards may be payable to Unit Owners, the Unit Owners shall deposit the awards with the Insurance Trustee. In the event of failure to do so, in the discretion of the Association, a special assessment shall be made against a defaulting Unit Owner in the amount of his award, and the amount of such award shall be set off against the sums hereinafter made payable to such Unit Owner. All Eligible Mortgage Holders shall be notified by the Association of any Eminent Domain proceeding. The proceeds of the

award shall be distributed or used in a manner heretofore provided for insurance proceeds except that when the Regime is not to be terminated, and one or more Units are taken in part, the taking shall have the following effects:

(a) If the Unit is reduced but tenantable. If the Unit taking reduces the size of the Unit, and the remaining portion of the Unit can be made tenantable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated:

(1) The Unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed as a Common Expense.

(2) The balance of the award, if any, shall be distributed to the Owner of the Unit and to each mortgagee of the Unit included in the mortgagee roster, the remittance being payable jointly to the Owner and the mortgagees.

(b) Unit made untenable. If the taking destroys or so reduces the size of the Unit that it cannot be made tenantable, the awards for the taking of the Unit shall be used for the following purposes in the order stated:

(1) The market value of such Unit immediately prior to the taking shall be paid jointly to the Owner of the Unit and to each mortgagee of the Unit included in the mortgagee roster.

(2) The remaining portion of such Unit, if any, shall become a part of the Common Elements and shall be placed in condition for use by all of the Unit Owners in a manner approved by the Association; provided, if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be paid for by assessment as a Common Expense among all remaining Units.

(3) If the amount of the award for the taking is not sufficient to pay the market value of the condemned Unit to the Owner, and to condition the remaining portion of the Unit for use as part of the Common Elements, the additional funds required for such purposes shall be raised by assessments against all of the Unit Owners who will continue as Co Owners of Units after the changes in the Property affected by the taking. In the event that the market price cannot be determined by negotiations, it shall be determined by binding arbitration in accordance with Chapter 679A of the 1995 Code of Iowa. Thereafter the undivided fractional ownership interest of each remaining Unit Owner shall be adjusted upward equally to reflect the removal of such Unit(s) from the Regime.

ARTICLE XI TERMINATION

Section 1. In the event two thirds (2/3) of the Property is destroyed or substantially damaged, and if the Unit Owners have not voted to reconstruct, the Property shall be

removed from the provisions of the Act without further action or agreement thirty one (31) days after such destruction or damage.

Section 2. If at least ninety percent (90%) of the votes of the Unit Owners, and at least two thirds (2/3) of the holders of first mortgages on Units, favor the removal of the property from the provisions of the Act, the Property shall be removed from the provisions of the Act by an instrument duly recorded to that effect, provided that the holders of all liens affecting one or more of the Units consent or agree, by instruments duly recorded, that their liens be transferred to the undivided fractional interest of the respective Unit Owners in the Property.

Section 3. After removal of the Property from the Act, the Unit Owners shall own the Property and all assets of the Association as tenants in common and the respective mortgagees and lienors shall have mortgages and liens upon the respective undivided interests of the Unit Owners. Such undivided fractional interests of the Unit Owners shall be the same as the undivided fractional interest in the Common Elements prior to removal from the Act.

Section 4. This Article XII cannot be amended without consent of all Unit Owners and all record mortgagees of Units.

ARTICLE XII USE AND OCCUPANCY RESTRICTIONS

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

Section 1. A Unit shall be used or occupied for single family dwellings purposes only.

Section 2. An owner has the right to decorate windows bounding his Unit, however, this right is limited to the extent that only drapes, curtains, sheers and shutters may be used which must be lined so that they appear white from the outside of the building with the exception of wood stained blinds. Nothing shall be hung between the interior surfaces of the window and the drapes, curtains, sheers or shutters used.

Section 3. ONE small household pet (dog or cat only) is allowable. Provided however, the dog or cat shall not weigh more than 40 pounds at full growth. All other pets including birds, reptiles, rodents, hamsters, gerbils, or mammals of any kind are expressly prohibited. Any pet outside of a Unit must be on a leash and accompanied, at all times, by an adult. The unit owner is solely responsible for cleaning up any feces associated with the pet. The Association may enact rules and regulations assessing penalties to unit owners for any act that violates this section.

Section 4. The Association may adopt rules and regulations for the reservation and use of the recreation facilities.

Section 5. The right to sell, transfer or convey any condominium Unit may be subject to such reasonable and uniform objective standards relating to financial responsibility and/or character as may now or hereafter be adopted by the Association in the form of rules and regulations. No restriction shall include a right of first refusal or similar right to the Association. No such restriction shall be based upon race, religion, sex or place of national origin.

Section 6. Renting and Leasing.

Unit owners may rent or lease their units subject to the following restrictions. In no case shall a lease have an initial term of less than one-year. All leases or rental agreements must be in writing. The Association may from time to time adopt objective standards relating to the terms, conditions, and suitability of tenants for the rental of Units in King's Pointe Condominiums in the form of rules and regulations. This provision of the Declaration may be amended or modified by a resolution setting forth such amendment or modification and duly adopted by the affirmative vote of Unit Owners holding not less than seventy five percent (75%) of the total votes in the Association or by an instrument in writing setting forth such amendment or modification and signed by all of the Unit Owners representing not less than seventy five percent (75%) of the total votes in the Association, and duly acknowledged before a Notary Public; provided that, as long as there is a Class B membership in the Association, the Declarant shall have full authority to adopt any amendments to this Declaration.

a. Cap on Renting and/or Leasing.

The maximum number of Units that can be rented or leased by Unit Owners at any one time shall not exceed twenty-five percent (25%) of the total number of Units at the Property. The Rental Cap shall only apply to Owners of Units (excluding Declarant) but shall be calculated by totaling the number of Units being rented or leased by current Unit Owners and divided by the total number of Units per building at Bella South. The Rental Cap shall prevent owners (excluding Declarant) from renting or leasing their condominium Unit until the total number of Units being rented or leased decreases below twenty five percent (25%). This Rental Cap only applies to future Unit Owners at Bella South.

c. Restrictions on Renting and/or Leasing.

In no case shall a lease have an initial term of less than one-year. All leases or rental agreements must be in writing. The Association may from time to time adopt objective standards relating to the terms, conditions, and suitability of tenants for the rental of Units in Bella South Condominiums in the form of rules and regulations.

d. Definitions.

Any capitalized terms not defined herein shall have the meaning set forth in the Declaration.

Quiet Time

Section 7. No noxious or offensive activity shall be carried on in any condominium Unit, nor shall anything be done or be permitted to remain in any condominium Unit which may be or become a nuisance or annoyance to owner or tenants. Owners and/or other tenants, shall exercise extreme care not to disturb other owners or tenants with excessive noise.

Section 8. There shall be no obstruction of any common elements. Nothing shall be stored on any common elements (excepting those areas designated for storage of personal property by the owners of the condominium units) without the approval of the Association. Vehicular parking upon general common elements may be regulated or assigned by the Association. Repair or maintenance of automobiles in the garage or any other general common element is strictly prohibited.

Section 9. Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character which are visible from the outside of a condominium Unit shall be erected, posted or displayed upon, from or about any condominium Unit, unless first reviewed and approved by the Association provided, however, any holder of a first mortgage which acquires possession of a Unit by foreclosure or by deed in lieu of foreclosure shall have the right to post signed for the sale or rental of such Unit until such Unit is sold or a rental is entered into.

Section 10. The halls and passageways of all buildings shall be used only for ingress and egress.

Parked?
Stored?

Section 11. No burning of trash and no unreasonable or unsightly accumulation (or storage of litter, new or used materials, or trash of any other kind shall be permitted within any condominium Unit or be permitted to remain in public view, but shall be deposited in the receptacles provided for that purpose.

Section 12. No structure of a temporary character, trailer, tent, shack, boat, or other recreational vehicles shall be maintained upon any common elements at any item.

Section 13. No owner or other person shall install any electrical or telephone wire, television antenna, or other antenna, air conditioning Unit or other machine or device on the exterior of the building.

Section 14. Nothing shall be altered in, constructed in, or removed from the common elements, except upon written consent of the Board of Directors of the Association.

Section 15. No activity shall be allowed which unduly interferes with the peaceful possession and use of the property by the Unit owners nor shall any fire hazard or unsightly accumulation or refuse be allowed.

Section 16. Nothing shall be done or kept in any Unit or in the common area which will increase the rate of insurance on the common area, without prior written consent of

the Association. No owners shall permit anything to be done or kept in his Unit or in the common area which will result in the cancellation of insurance on any Unit or any part of the common area, or which would be in violation of any law.

Section 17. Agents of or contractors hired by the Association may enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible, provided such entry shall be made with as little inconvenience to the owners as practicable.

Section 18. Unit owner shall give notice to the Association of every lien against his Unit other than permitted mortgages, taxes, and Association assessments, and of any suit or other proceeding which may effect the title to his Unit, within 10 days after the lien attaches or the owner receives notice of such lien.

Section 19. Unit owners are reminded that alteration and repair of the building is the responsibility of the Association, except for the interior of the units. No work of any kind is to be done upon the exterior building walls or upon interior boundary walls or doors without first obtaining the approval of the Association. Work inside a Unit will be coordinated with the Association before proceeding.

Section 20. Each Unit occupant shall keep his Unit and balcony or patios to which he has sole access in a good state of presentation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors, windows, balcony or patio thereof, any dirt or other substance.

Section 21. No vehicle belonging to a Unit occupant or to a member of his family or guest, tenant or employee of it Unit occupant shall be parked in such a manner as to impede or prevent ready access to any entrance to or exist from the building by another vehicle. Further, bicycles and mopeds not stored in a garage which is part of a unit shall not be stored in common elements except in the parking areas designed by the Association.

Section 22. Complaints regarding the services of the building shall be made in writing to the Board of Directors or to the managing agent or to the manager.

The Association shall have authority to amend and adopt reasonable rules and regulations governing the use of the condominium property and such rules shall be observed and obeyed by the owners, their guests, and licensees. Such rules after being properly adopted shall have the same force and effect as if contained in this Declaration.

ARTICLE XIII REMEDIES

In the event of any violation of the provisions of the Act, Declaration, Bylaws or rules and regulations of the Board or Association by any Unit Owner (either by his own conduct or by the conduct of any other Occupant of his Unit) the Association, or its

successors or assigns, or the Board, or its agent, shall have each and all of the rights and remedies which may be provided for in the Act, Declaration, Bylaws, or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest of such Unit Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the lawful rate for money judgments until paid, shall be charged to and assessed against such defaulting Unit Owner, and shall be added to and deemed part of his respective share of the Common Expenses, and the Board shall have a lien for all of the same, as well as for non payment of his respective share of the Common Expenses, upon the Unit and ownership interest in the Common Elements of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the Property; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner, except for the amount of the proportionate share of said Common Expenses which becomes due and payable from and after the date on which the said mortgagee either takes possession of the Unit, accepts a conveyance of any interest therein (other than as a security) or files suit or commences other proceedings to foreclose its mortgage and causes a receiver to be appointed. This Paragraph shall not be amended, changed, modified or rescinded without the prior consent of all holders of record of mortgages holding a lien against all or part of the Property. Nothing herein shall be deemed to derogate the right of the Association to recover unpaid assessments, and charges from a defaulting Unit Owner personally, without the foreclosure of lien rights, or resort to other remedies.

In the event of any such default by any Unit Owner, then the Board, and the manager or Managing Agent if so authorized by the Board, shall have the authority to correct such default and to do whatever may be necessary for such purpose and all expenses in connection therewith, including reasonable attorney fees, shall be charged to and assessed against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by, or under the direction of, the Board.

The violation of any restriction or condition or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in this Declaration, (a) to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to proceed with both (a) and (b) above.

ARTICLE XIV MISCELLANEOUS PROVISIONS

Section 1. Each Unit Owner shall strictly comply with the provisions of the Declaration, the Bylaws, the Association rules and regulations and decisions issued pursuant thereto. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Association or its designee on behalf of the Unit Owners, or in an appropriate case, by an aggrieved Unit Owner.

Section 2. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

Section 3. The captions to this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 4. This Declaration and the Bylaws shall be construed and controlled by and under the laws of the State of Iowa. A violation of either this Declaration or the Bylaws shall be deemed a violation also of the other.

Section 5. Notices provided for in the Act, Declaration or Bylaws shall be in writing, and shall be addressed to the Association or Board, or to any Unit Owner, as the case may be. The Association or Board may designate a different address or addresses for notices to them, respectively, from time to time, by giving written notice of such change of address to all Unit Owners. Unless a Unit Owner has designated a different address for notices to him by giving written notice thereof to the Association, any notice to a Unit Owner may be addressed to him at his Unit. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person. Upon written request to the Board, the holder of any recorded mortgage encumbering any Unit shall be listed on the mortgagee roster and given a copy of all notices permitted or required by this Declaration to be given to the Owner(s) whose Unit(s) is (are) subject to such mortgage(s).

Section 6. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty one (21) years after the death of the survivor of the now living descendants of the President of the United States, Bill Clinton, and the Governor of Iowa, Tom Vilsack.

Section 7. This Declaration shall take effect when recorded in the Dallas County Recorder's Office, Dallas County, Iowa.

Section 8. References herein or in the Bylaws to a proportion or percentage of the Unit Owners shall mean and refer to the collective total of their weighted votes or weighted

fractional interests in the Common Elements as more fully described in Exhibit "C" attached hereto, and not to such Unit Owners per capita.

Section 9. In order to permit the construction, operation, maintenance, repair and removal of utilities serving common areas and/or individual units within the condominium regime, the Association Board of Directors shall be authorized, empowered, and directed to execute one or more utility easements from time to time. The President of the Association, acting pursuant to a duly authorized resolution of the Board of Directors, shall be deemed the attorney in fact of each Unit Owner and the spouse, if any, of each Unit Owner, as well as their mortgagees and successors in interest, for the purposes of the execution of each such easement.

ARTICLE XV AMENDMENTS

Section 1. Except as otherwise provided in this Declaration, this Declaration may be amended or modified by a resolution setting forth such amendment or modification and duly adopted by the affirmative vote of Unit Owners holding not less than sixty seven percent (67%) of the total votes in the Association or by an instrument in writing setting forth such amendment or modification and signed by the Unit Owners representing not less than sixty seven percent (67%) of the total votes in the Association, and duly acknowledged before a Notary Public and fifty one percent (51 %) of all Eligible Mortgage Holders; **provided that, as long as there is a Class B membership in the Association, the Declarant shall have the authority to adopt any amendments to this Declaration or to the Bylaws as it deems fit or as are required to be made by the FHA, the Veterans Administration, the FNMA, or other U.S. Government affiliated mortgage insurance or assistance agencies, as the case may be.**

Section 2. Each Eligible Mortgage Holder encumbering any one or more Units shall be notified by certified mail, "return receipt" requested, of any such amendment or modification, and an affidavit by the Secretary of the Association certifying to such mailing shall be made a part of any instrument affecting such amendment or modification. The Association may consider that approval has been obtained from Eligible Mortgage Holders if no written response is received by the Association within 30 days after notice is given.

Section 3. No such amendment or modification shall change the boundaries of any Unit unless done in conjunction with Article IX, X, or XI hereof; the means for determining the undivided interest in the Common Elements appurtenant to any Unit; the number or weight of votes in the Association allocated to any Unit; the liability for Common Expenses appertaining to any Unit; or this Section of Article XVI. If this Declaration is at any time submitted, by Board action, to and approved by the Veteran's Administration or the FHA as to form, then the same may not be thereafter amended or merged with a Successor Horizontal Property Regime, or additional property annexed, without prior written approval of the Veteran's Administration or the FHA, as the case may be.

ARTICLE XVI
DECLARANT RESERVES RIGHTS, POWERS AND OBLIGATIONS

1. Declarant's Activities and Unit Owners.

Declarant is irrevocably and perpetually empowered, notwithstanding any use restriction or other provision hereof to the contrary, to sell, lease or rent units not previously sold by the developer to any person and shall have the right to transact on the condominium property any business relating to construction, sale, lease or rental of such units and any recreational facilities including, but not limited to, the right to maintain models, offices, signs, employees and equipment and materials on the premises, and to use common elements to show such units. A sale and rental office, signs and all items and equipment pertaining to sales or rentals and other facilities furnished by Developer shall not be considered common elements and shall remain their separate property. Developer retains the right to be and remain the owner of completed but unsold units under the same terms and conditions as other owners including membership in the Association save for this right to sell, rent, or lease.

2. Declarant's Liability for Assessments.

Notwithstanding anything contained herein to the contrary, the Declarant, and the Units which Declarant owns, shall not be liable for any general or special assessments or dues. Declarant shall pay in an amount equal to the prorated portion of the actual costs incurred by the Association for common expenses relating to the maintenance of the property specified in Article I.A.9.(b) for any units owned by Declarant. Declarant shall not be liable hereunder for any unit under construction. Declarant shall only be responsible hereunder for units owned by Declarant that have been listed and available for occupancy for a period greater than one hundred and twenty (120) days. The proration shall be calculated based upon the number of units owned by Declarant as compared to the total number of units at Bella South Condominiums.

For example, if there are thirty-one units sold (owned by individuals or entities) other than Declarant, and thirty-one units remaining that are available for occupancy and have been listed for sale for a period greater than one hundred and twenty (120) days then Declarant will reimburse the Association for 50% of the actual expenses incurred under Article I.A.9.(b).

In the sole discretion of Declarant, Declarant may contribute any sum to the Association (via cash payment or payment for added services or amenities in common areas) and the amount thereof shall offset any amount owed by Declarant hereunder for common maintenance of the property.

Any amount owed by Declarant hereunder shall be paid on or before the Control Transfer Date (see paragraph 3 below), unless, in Declarant's sole discretion, Declarant chooses to pay the amount prior to that date.

3. Designation of Association Directors. Declarant shall have the right to name all members of the Board of Directors of the Association until the first members' meeting of said Association which shall be held no later than the earlier of 180 days after the date by which 95% of the units (after completion of all phases of the development of the condominium regime) have been conveyed to unit purchasers or the date five (5) years after the date the first Unit is conveyed (hereinafter referred to as the "Control Transfer Date"). Thereafter the Board of Directors shall be selected in the manner specified in the Bylaws of the Association.

4. Right to Amend Plans. Declarant reserves the right to change the interior design and arrangement of all Units, and to alter the boundaries between condominiums, so long as Declarant owns the units so altered. If Declarant shall make any changes in units so authorized, such changes shall be reflected by an amendment to the Declaration. An amendment made pursuant to this paragraph need be signed and acknowledged only by the Declarant, its agents or assigns and need not be approved by the Association, Unit owners or mortgagees, whether or not elsewhere required for an amendment. Provided, however, no change pursuant to this paragraph shall alter the boundaries of the common elements without amendment to this Declaration by approval of the Association, affected Unit owners and affected mortgagees in a manner elsewhere provided.

5. Construction of Units Variation and Adjustments. The Declarant reserves the right to substitute for any of the materials, equipment and appliances, materials, equipment and appliances of equal or better quantity.

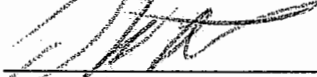
6. Initial Working Capital Fund. If or when any first mortgage on a unit is to be insured by FHA or sold to FNMA, the Declarant shall establish a working capital fund in an amount at least equal to two months of the estimated common charges for each unit then existing or being constructed in the development of the condominium regime, to meet unforeseen expenditures or to purchase additional equipment or services. The share of each Phase unit of the working capital fund shall be collected at the time of the sale of the unit. As any additional phases are completed, the Declarant shall add to the fund the share for each unit at the time of the sale of each additional unit. The Declarant shall collect the share of the working capital fund for units at the time the units are sold. Amounts paid into this fund shall not be considered as advance payments of regular assessments. The working capital fund shall be transferred by the Declarant to the Association for deposit to a segregated fund on the Date the Association is turned over to the Unit Owners. The Declarant may not use the working capital fund to defray any construction related expenses that are not considered Common Expenses defined in Article I, Section A, Number 9. After control of the Association has been transferred to the unit owners, the Association may determine how and when such fund shall be used for other purposes if not needed for the purposes for which it was established.

7. Construction of Building. Declarant reserves the right to construct one building at a time in the Condominium Regime.

8. Assignment of Declarant's Reserved Rights. Declarant shall have the right to assign all of its Reserved Rights and obligations as Developer to any person, corporation or other entity. Upon such assignment of Declarant's Reserved Rights, the initial Declarant shall have no further obligation in connection with the Condominium Regime.

9. Right of Access. The Declarant reserves an easement over the common elements of the condominium regime for the purpose of completing the improvements and phases thereof contemplated by this Declaration. Provided, however, the Declarant shall restore any common element distributed by Declarant's use of such easement to the condition existing prior to the disturbance as soon as practically feasible after Declarant's use of the easement rights granted herein are concluded. Also, the easement rights granted herein shall be exercised by the Declarant only if and when the access required by Declarant is not otherwise reasonably available other than over, across or through the common elements.

IN WITNESS WHEREOF, the undersigned has executed this Declaration of Submission of Property to Horizontal Property Regime for the Bella South Condominiums this 8 day of May, 2006.

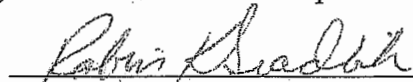

David W. Walters, Managing Member
Bella South, L.L.C.

STATE OF IOWA)

SS:

COUNTY OF POLK)

On this May 8, 2006, before me, the undersigned, a Notary Public in and for the said State, personally appeared Dave Walters, to me personally known, who being by me duly sworn, did say that he is the President of the corporation executing the within and foregoing instrument to which this is attached, that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and that Dave Walters, as an officer, acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.


Notary Public in and for said State

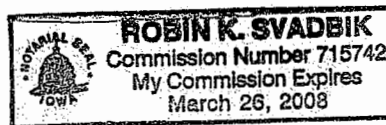


EXHIBIT "A"
BYLAWS OF BELLA SOUTH OWNERS ASSOCIATION, INC

BYLAWS
BELLA SOUTH OWNERS ASSOCIATION, INC.
AN IOWA NONPROFIT CORPORATION

ARTICLE I: NAME

The name of the corporation is "Bella South Owners Association, Inc." The Bella South Owners Association, Inc. is a nonprofit corporation organized under the provisions of Chapter 504A of the Code of Iowa (2006).

ARTICLE II: DEFINITIONS

1. "Association" shall mean and refer to Bella South Owners Association, Inc. ("Bella South"), an Iowa Non-Profit Corporation, its successors and assigns.
2. "Bella South Owners Association, Inc." or "Property" shall mean and refer to a residential subdivision in the City of Altoona, Polk County, Iowa.
3. "Unit" shall have the same meaning as Unit under the Covenants for Bella South.
4. "Declarant" shall refer to Bella South, L.L.C., and their successors and assigns.
5. "Owner" shall mean and refer to the record owner or holder of the fee simple title, or the actual holder or holders of said fee simple title, or any contract vendee of any unit.
6. "Covenants" and/or "Declaration" shall mean and refer to the Declaration of Submission for Horizontal Property Regime, recorded in the office of the Recorder of Dallas County, Iowa for the property legally described as Bella South Plat 1, an Official Plat, now included in and forming a part of the City of West Des Moines, Dallas County, Iowa.
7. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration and in these Bylaws.

ARTICLE III: MEMBERSHIP AND VOTING RIGHTS

1. Eligibility. The members of Bella South shall consist of every Owner of a Unit which is subject to assessment by the Association. If an Owner is a corporation or partnership, the member may be an officer, partner or employee of such Owner in accordance with a designation adopted by the appropriate resolution of such Owner and filed with the Association.

2. Succession. The membership of each Owner shall terminate when that person ceases to be an Owner, and, upon the sale, transfer or other disposition of an ownership interest in the Property, membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

3. Voting. The Association shall have two classes to voting membership.

A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. The Owner entitled to vote shall be the Owner of record in the office of the Recorder of Dallas County, Iowa. When more than one persons holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine among themselves, but in no event will a split vote be honored, and in no event shall more than one vote be cast with respect to a Unit. Votes may be by proxy.

B. Class B members shall be the Declarant and shall be entitled to three votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of the following events, whichever occurs earlier:

i. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or;

ii. January 1, 2011.

ARTICLE IV: MEETINGS OF THE ASSOCIATION

1. Regular Meetings. There shall be a regular annual meeting of Owners held each year on a date fixed in March by resolution of the Board. All such meetings of Owners shall be specified in the written notice of such meeting which shall be given to all Owners at least ten (10) days prior to the date of such meeting.

2. Special Meetings. Special meetings of the Owners may be called by the President or by a majority of the directors of the Board, or by Owners having at least one-fourth (1/4) of the votes entitled to be cast at such meeting. Said special meetings shall be called by delivering written notice to all Owners not less than ten (10) days prior to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered.

3. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to an Owner at the address given to the Board by said Owner for such purpose, or to the Owner's Unit, if no other address for such purpose has been given to the Board.

4. Quorum. A quorum of Owners for any meeting shall be constituted by Owners represented in person or by proxy and holding one-tenth (1/10) of the votes entitled to be cast at such meeting. At any meeting properly called where such a quorum is not present, those present may vote to recess for the purpose of obtaining such a quorum and, following such notice as a majority of those present may deem reasonable under the circumstances, reconvene. Such recess shall be a minimum of one half hour. At such reconvened meeting the quorum shall be one-half that required at the meeting prior to recess. The foregoing process may be repeated until a quorum is achieved.

5. Presiding Officer and Rules of Order. The President, or, in his absence or disability, the Vice President shall preside at each members' meeting; if neither the President nor the Vice President is available to preside, a chairman shall be elected by the members present at such meeting. Meetings shall be conducted in accordance with Robert's Rules of Order.

6. Voting Rights. No Owner will be entitled to vote at any meeting of the Association who is, at the time of such meeting, delinquent in the payment of any sum due to the Association.

ARTICLE V: BOARD OF DIRECTORS.

1. Number, Election and Term of Office. The Board of Directors of the Association (referred to herein as the "Board") shall consist of three (3) persons (hereinafter referred to as "Directors"). Directors shall be elected at the regular annual meeting of Association members by the vote of Owners. Those candidates for election as Director receiving the greatest percentage of the votes cast either in person or by proxy at the meeting shall be elected. Two Directors shall hold office for the term of two (2) years and until a successor shall be elected and qualified. The remaining Director shall hold office for the term of one (1) year and until a successor shall be elected and qualified. Two-year terms of office shall be established by the Board to assure that one will expire in even-numbered years and one will expire in the odd-numbered years.

2. Qualification. Directors must be members of the Association, must be current with dues and assessments at the time of election, and may be elected to succeed themselves in office; provided that during the period prior to the cessation of Class B membership, said Directors need not be Members of the Association.

3. Nomination. Candidates for election to the Board shall be solicited beginning in the month prior to each annual meeting of members. Candidates may be self-nominated and may be nominated from the floor at the annual meeting.

4. Vacancies. Any vacancy occurring in the board shall be filled by majority vote of the remaining members thereof. Any Director so elected or

appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director that he or she succeeds.

5. Meetings and Quorum. A regular annual meeting of the board shall be held within one month following the regular annual meeting of the Owners and may be held on the same day as the annual meeting of the Owners. The Board may, by resolution, set the time and place for regular meetings of the Board and no notice thereof shall be required until such resolution is modified or rescinded. Special meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each Director, delivered personally or by mail or telegram. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his waiver of notice of said meeting. A majority of the authorized number of Directors shall constitute a quorum. So long as they conduct themselves with proper decorum, any member may attend any official Board meeting.

6. Removal. Any Director may be removed from office for cause by a sixty percent (60%) vote of the membership in the Association.

7. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in a resolution duly adopted by a majority of the Owners. Directors will be reimbursed for actual, reasonable expenses incurred in the fulfillment of their duties or in furtherance of a Board resolution.

8. Powers and Duties. The Board shall have the following powers and duties:

a. To elect and remove the officers of the Association as hereinafter provided;

b. To administer the affairs of the Association, including without limitation the periodic investment, reinvestment and disbursement of reserves, surpluses and other funds of the Association;

c. To engage the services of an agent (hereinafter sometimes called the "Managing Agent") to maintain, repair and replace the yard, driveways, sidewalks, and the joint water and sewer hookups servicing more than one Unit, upon such terms and for such compensation and with such authority as the board may approve. The Board shall have authority to ratify and approve a management agreement between the Association and a management company to act as Managing Agent for the Association;

d. To formulate policies for the administration, management and operation of the Association;

e. To provide for the maintenance, repair, and replacement of the yards, sidewalks, driveways and all other Common Elements, all water and sewer hookups which service more than one Unit in Kings Pointe, and to make payments therefore; to borrow money for those purposes if necessary; and to approve payment vouchers or delegate such approval to the officers or the manager or Managing Agent.

f. To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair and replacement of the items described in Paragraph (f) above, and to delegate any such powers to the manager or Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

g. To appoint committees of the Board from among the Owners and to delegate to such committees the Board's authority to carry out certain duties of the Board;

h. To determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable.

i. To estimate the amount of the annual budget (including a reserve fund for the upkeep and replacement of the items for which the Association is responsible), and to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses, as herein provided;

j. To purchase, hold, sell, convey, mortgage or lease any one or Unit in the name of the Association or its designee;

k. To bring, prosecute and settle litigation for itself, the Association and the property for which the Association is responsible;

l. To obtain insurance, as required or deemed appropriate;

m. To repair or restore the property for which the Association is responsible following damage or destruction;

n. To own, purchase or lease, hold and sell, or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient in the management of the business and affairs of the Association and the Board of Directors, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies;

o. To keep adequate books and records, including the Minute book wherein the resolutions of the Association and the Board Minutes shall be kept;

p. To provide for a procedure to approve ordinary and extraordinary expenditures, and to delete authority to sign checks and issue payment vouchers;

q. To pay off liens incurred by the Association against any portion of the Property;

r. To exercise all other powers and duties of the Association as referred to in the Declaration, and all powers and duties of a Board of Directors referred to in the Declaration or these bylaws, including the power to delegate to one or more persons such of the foregoing powers as the board may deem prudent for the efficient management of Association affairs.

9. Presiding Officer and Rules of Order. The President, or in his absence or disability, the Vice President, shall preside at each Board meeting; if neither the President nor Vice President is able to preside the Secretary shall preside. Meetings shall be conducted in accordance with Roberts Rules of Order.

ARTICLE VI: OFFICERS

1. Designation. At each annual meeting of the Board, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

a. A President, who shall preside over the meetings of the board and of the Owners, and who shall be the chief executive officer of the Association. The President shall sign written contracts of the Association pursuant to authorizing resolutions of the Board. The President must be a director.

b. A Vice President, who shall perform all of the duties of the President when the President is absent or disabled, as well as other duties assigned by the President or Board. The Vice President must be a director.

c. A Secretary, who shall keep the minutes of all meetings of the Board and of the Owners, and who shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall maintain the official mortgagee roster. The Secretary must be a director.

d. A Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported. The Treasurer shall prepare a list of members prior to each meeting for the Association identifying those members who are ineligible for election or to vote because of delinquent payments due to the Association. The Treasurer must be a director.

e. Such additional officers as the Board shall see fit to elect, and who need not be a director or member of the Association. The same person may hold more than one office for which they are qualified.

2. Powers. In addition to the foregoing, the respective officers shall have the general powers usually vested in such officers; provided that the board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

3. Term of Office. Each officer shall hold office for the term of one year and until a successor shall have been appointed or elected and qualified.

4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote at a regular or special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he or she succeeds. Any officer may be removed for cause at any time by a vote of a majority of the total membership of the Board at a special meeting thereof.

5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by a majority of the Owners. The Officers shall be reimbursed for actual expenses incurred in fulfilling their duties of office.

ARTICLE VII: COMMITTEES.

The Association shall appoint an Architectural Committee, as provided in the Declaration, and such other committees as deemed appropriate in carrying out its purpose.

ARTICLE VIII: BOOKS AND RECORDS.

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall likewise be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE IX: ASSESSMENTS.

1. Annual Budget. The Board shall cause to be prepared an estimated annual budget of the Common Expenses of the Association for each fiscal year of the Association. To the extent that the assessments collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual

budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board.

2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Owner, not later than thirty (30) days prior to the beginning of such year. The proportionate share of the Common Expenses for each Owner shall be one-seventy-second ($1/72$) of the total of the Common Expenses. The liability of each Owner under the annual budget shall constitute a lien against their respective Units as soon as notice is given, payable in installments. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Owner shall pay, as that Owner's respective monthly assessment for the Common Expenses, one-twelfth ($1/12$) of the Owner's proportionate share of the Common Expenses for such year as shown by the annual budget. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay each month the amount of the respective monthly assessment as last determined, which payments shall be credited against new assessments once they are established by the Board. Each Owner shall pay the monthly assessment on or before the first day of each month to the Managing Agent or manager or, if no such person has been appointed, to the Treasurer, and shall not be relieved of the obligation to pay the assessment by abandoning or not using the Unit. No Owner shall be relieved of the obligation to pay assessments by leasing the Unit to a third party, although the Owner may by contract make such third party tenant jointly and severally liable for such assessments. Assessments delinquent for ten (10) days will accrue a late payment penalty to be fixed by the Board from time to time. Such penalty shall be a lien on the Unit in the same manner as assessments, and shall be in addition to interest as provided herein.

3. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Owner, and thereupon a supplemental assessment shall be made on each Owner for that Owner's proportionate share of such Supplemental Budget. Upon furnishing such a Supplemental Budget and corresponding assessments, the additional assessments shall be a lien on the respective Units, payable monthly.

4. Lien. It shall be the duty of every Owner to pay that Owner's proportionate share of the Common Expenses, as provided in the Declaration, and as assessed in the manner herein provided.

If any Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with interest thereon at the lawful rate as may then be permitted for money judgments under the law of the State of Iowa, or such other rate as may be fixed by Board resolution, accruing from and after the date said Common Expenses become due and payable, shall constitute a lien, as provided in the Declaration and these Bylaws, enforceable by the Board, on the interest of such Owner, except for the amount of the proportionate share of Common Expenses which are due and payable from and after the date on which such mortgagee either takes possession of the Unit, accepts a conveyance of any interest therein (other than as security) or files suit to foreclose its mortgage and causes a receiver to be appointed to take possession of the Unit. The provisions of this paragraph of section 4 shall not be amended, changed, mortgages against all or part of the Property. Nothing herein shall be deemed to derogate the right of the Association to recover unpaid assessments and charges from a defaulting Owner personally, without the foreclosure of lien rights or resort to other remedies.

The Association or its successors and assigns, or the Board or its agents, shall have the right to maintain a suit to foreclose any such lien for unpaid assessments or pursue other remedies at law or in equity, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest and reasonable costs and attorney's fees to be fixed by the Court. In the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the Unit after commencement of such action so long as the Owner remains in possession, and a receiver may be appointed.

The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Declaration or these Bylaws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments or charges.

ARTICLE X: CONFLICT

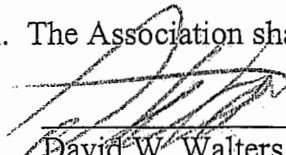
These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XI: FISCAL YEAR

1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

2. No Corporate Seal. The Association shall not have a corporate seal.



David W. Walters, Secretary and President