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AMENDED AND RESTATED

BY-LAWS OF

HEATHER RIDGE HOME OWNERS ASSOCIATION, INC.

I. IDENTITY. These are the Amended and Restated By-Laws of Heather Ridge Home Owners Association, Inc., a corporation duly organized under the laws and statutes of the State of Iowa for the purpose of administering the Heather Ridge Horizontal Property Regime located upon the following described property in Dickinson County, to-wit:

Lots One (1), Two (2), Eight (8), Nine (9), and the South Thirty-seven (37) feet of Lot Three (3) all in the Plat of Emerson Bay Sub-Division.

A. The office of the Association shall be at Heather Ridge in the Town of Wahpeton, Iowa, with post office address of Milford, Iowa 51351.

B. The fiscal year of the Association shall be the calendar year.

II. MEMBERS' MEETING.

A. The annual members' meeting shall be held at the office of the Association on the second Saturday in June at 10:30 a.m. for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next day. The annual meeting may be waived by a unanimous agreement of the members in writing which provides for the naming of directors not otherwise designated.

B. Notice of all members' meetings stating the time and place and objects for which the meeting is called shall be given by the President or Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the meeting. Notice of the meeting may be waived before or after meetings.

C. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the Association. Acts approved by the majority of those present at a meeting at which a quorum is present shall constitute the acts of the members, except where approval by a greater number of members is required by the Declaration of the Horizontal Property Regime, the Acts of Incorporation, or these By-Laws. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum.

D. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting or any adjournment thereof.

E. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

F. The order of business at annual members' meetings, and, as far as practical at all other members' meetings, shall be:

1. Election of chairman of the meeting.
2. Calling of the roll and certifying of proxies.
3. Proof of notice of meeting or waiver of notice.
4. Reading and disposal of any unapproved minutes.
5. Reports of officers.

6. Reports of committees.
7. Election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

III. BOARD OF DIRECTORS.

A. The affairs of the Association shall be managed by a board of appointed directors.

B. Designation of directors shall be in the following manner:

1. One director each may be designated by an instrument signed by a majority of the owners of the east, north and south buildings and filed with the Secretary of the Association before the election at the annual meeting of members. Directors so designated shall be deemed elected whether or not a quorum is present at the annual meeting. If the owners of apartments in either the north, south, or east buildings do not designate all of the directors permitted to be named in this manner, the result of the vacancy or vacancies on the Board of Directors shall be filled by election at the annual meeting of members.

2. The remaining directors shall be elected by ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast at the annual meeting of the members of the Association. Each person shall be entitled to vote for as many nominees as there are vacancies to be filled.

3. Except as to vacancies provided by removal of directors by members, vacancies on the Board of Directors occurring between annual meetings of members shall be filled by the remaining directors.

4. Any director may be removed by concurrence of two-thirds of the members of the Association at the special meeting of the members called for that purpose. The vacancy on the Board of Directors so created shall be filled by the members of the Association at the same meeting.

C. The term of each director's service shall be for a term of two years, at which time new directors will be duly elected.

D. The organization meeting of the newly elected Board of Directors shall be held within ten (10) days of the election of said Board at such time and place as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

E. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the majority of the directors. Notice of regular meetings shall be given to each director personally, or by mail, telephone or telegraph at least three days prior to the day named for said meeting.

F. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

G. Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

H. A quorum at directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of directors is required by the Declaration of the Horizontal Property Regime, the Articles of Incorporation, or these By-Laws.

I. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present.

At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

J. The joinder of a director in the action of a meeting signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

K. The presiding officer of directors' meetings shall be the Chairman of the Board if such an officer has been elected; if none, then the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their members to preside.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. All of the powers and duties of the Association existing under the Declaration of Horizontal Property Regime of Heather Ridge and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by apartment owners when such is specifically required. Such powers and duties of the directors shall include but shall not be limited to the following, subject, however, to the provisions of the Declaration of Horizontal Property Regime and these By-Laws:

A. To make and collect assessments against members to defray the costs and expenses of the Horizontal Property Regime.

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

C. To maintain, repair, replace and operate the Horizontal Property Regime.

D. Purchase insurance upon the Horizontal Property Regime and insurance for the protection of the Association and its members.

E. To reconstruct improvements after casualty and further to improve the property.

F. To make and amend reasonable regulations respecting the use of the property in the Horizontal Property Regime in the manner provided by the Declaration of the Horizontal Property Regime.

G. To enforce by legal means the provisions of the Horizontal Property Act of the State of Iowa, the Declaration of Horizontal Property Regime, the By-Laws and regulations for the use of the property in the Horizontal Property Regime.

H. To contract for management of the Horizontal Property Regime and to delegate to the contractor all powers and duties of the Association except as are specifically required by the Declaration of Horizontal Property Regime; to have approval of the Board of Directors of the membership of the Association.

I. To employ personnel to perform the services required for proper operation in the Horizontal Property Regime.

V. OFFICERS.

A. The executive officers of the Association shall be a president, who shall be a director; a vice-president, who shall be a director; a secretary; and a treasurer, all of whom shall be elected annually by the Board of Directors and who may be preemptorally removed by vote of the directors at any meeting. Any person may hold two or more offices. The Board of Directors shall, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the Chief Executive Officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the members from time to time as he may in his discretion determine appropriate to assist in the conduct of the affairs of the Association.

C. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President

and exercise such other powers and perform such other duties as shall be prescribed by the directors.

D. The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors of the Association, except those to the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the directors and the president.

E. The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

F. The compensation of all officers and employees of the Association shall be fixed by the directors. This provision shall not preclude the Board of Directors from employing a director as an employee of the Association or preclude the contracting with a director for the management of the Horizontal Property Regime.

VI. FISCAL MANAGEMENT. Provisions for fiscal management of the Association set forth in the Declaration of Horizontal Property Regime shall be supplemented by the following provisions:

A. The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses.

1. Current expenses, which shall include all funds and expenditures to be made within the year, including a reasonable allowance for contingencies and working funds, except expenditures, chargeable to reserves or to additional improvements.

2. Reserve for deferred maintenance which shall include funds for maintenance items which occur less frequently than annually.

3. Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation or obsolescence.

B. Assessments against the apartment owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or after the annual meeting preceding the year for which the assessments are made. Such assessments shall be due in two equal installments on the 1st day of January and the 1st day of July of the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and semi-annual payments thereon shall be due upon each installment payment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board of Directors if the accounts of the amended budget do not exceed the limitations thereon for that year. Any account which does exceed such limitation shall be subject to the approval of the membership of the Association heretofore required. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment was made shall be due upon the date of the assessment and the balance of the assessment upon the next July 1. The first assessment shall be determined by the Board of Directors of the Association.

C. If an apartment owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the apartment owners and thereupon the unpaid balance of the assessments shall come due upon the date stated in the notice, but not less than two (2) days after delivery thereof to the apartment owners, or not less

than twenty (20) days after the mailing of such notice to him by registered or certified, whichever shall first occur.

E. Assessments for common expense for emergencies which cannot be paid from the annual assessments for common expense shall be made only after notice of the need thereof to the apartment owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the apartment owners concerned, the assessment shall become effective and it shall be due after thirty (30) days notice thereof in such manner as the Board of Directors of the Association may require.

F. The depository of the Association shall be any bank as shall be designated from time to time by the directors in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

G. Unless waived by a majority of the members present and voting at the annual meeting, an audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each member not later than June 1 of the year following the year for which the report is made.

H. Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the directors and the premiums on such bonds shall be paid by the Association.

VII. LEASING OF APARTMENT UNITS. The Board of Directors shall have the authority to establish a rental policy for the Association.

In the absence of a duly approved rental policy, the following rules shall prevail; subject to the restrictions contained in the Declaration of Horizontal Property Regime and these By-Laws:

No apartment unit shall be rented except by a written lease for a period of not less than one year, in which case a copy of said lease shall be filed with the Secretary of the Association.

Every such lease shall include a provision that the lessee agree to keep no dog or cat as a pet, and no unit shall be rented to any person with a dog or cat.

No apartment unit shall be rented to more than one lessee at a time, and no tenants shall live in any unit thus rented unless married or members of the same family. The lessee shall not sublease the unit without approval of the Board of Directors.

VIII. DOCKS. In accordance with State laws and administrative regulations, Heather Ridge is permitted to maintain two (2) docks. As a result of our limited space, said docks will not be allowed to accommodate either pontoon boats or boats longer than twenty-one (21) feet unless special permission is first acquired from the Board of Directors. The Board of Directors is authorized to specially assess boat owners for unauthorized boats or for dock expenses incidental to boat usage.

IX. PETS. No owner of any apartment shall keep or maintain any dog or cat as a pet.

X. PARLIAMENTARY RULES - ROBERTS RULES OF ORDER (LATEST EDITION) shall govern the conduct of the Association business when without conflict with the Declaration of Horizontal Property Regime or these By-Laws.

XI. OWNERSHIP BY SINGLE FAMILY. Each unit shall be owned by one single family. Multiple ownership is not allowed, unless acquired by inheritance.

XII. PATIOS. No repair or replacement of patios or patio

carpeting shall be done without first receiving Board of Director approval if the cost of said repair or replacement exceeds \$500.00. No alteration of the exterior design, style or dimensions of said patio will be allowed and all carpeting shall be of a uniform color.

XIII. INSURANCE. Corporation insurance covers the exterior of buildings and grounds only. Any interior damages are the responsibility of individual unit owners as are utility service lines, pipes, conduits, etc. serving said individual units.

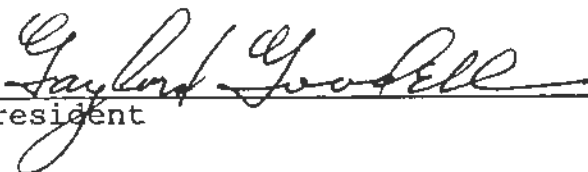
XIV. RECREATION ROOM. The Board of Directors shall have the authority to discontinue usage of the recreation room for recreational purposes and shall have full authority to determine the appropriate usage of said space for the benefit of all homeowners.

XV. PARKING. Mobile homes and boat trailers can be parked in the parking lot for no more than four (4) days by an owner or his or her guests.

XVI. SWIMMING POOL MAINTENANCE. Weather conditions shall be the deciding factor by the Board of Directors as to the time of discontinuing heating of the swimming pool each year.

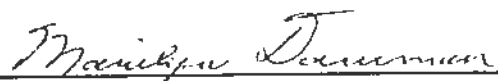
XVII. AMENDMENTS. These By-Laws may be amended in the manner set forth in the Declaration.

These Amended and Restated By-Laws of Heather Ridge Home Owners Association, Inc., were adopted the 10th day of April, 1989, at a regular annual meeting of the corporation, in substantially the foregoing form.



President

ATTEST:



Secretary

#1400

Filed at 3:19 P.M.
Oct 3, 1989

FEE \$75.00

PROPOSED AMENDMENT NO. 1 TO
DECLARATION OF HORIZONTAL PROPERTY REGIME OF
HEATHER RIDGE

1. Paragraph (6) of Article 3, DEVELOPMENT PLAN which reads as follows:

(6) The developer reserves the right to change the interior design and arrangement of all units, and to alter the boundaries between units, so long as the developer owns the unit so altered. No such change shall increase the number of apartments nor alter the boundaries of the common elements without amendment of this declaration by approval of the association, apartment owners, and others of mortgages in the manner elsewhere provided. If the developer shall make any changes in the unit so authorized, such changes shall be reflected by an amendment of this declaration. If more than one unit is concerned, the developers shall apportion between the units the shares in the common elements which are apertinent to the units concerned. An amendment of this declaration reflecting such alteration of apartment plans by the developer need be signed and acknowledged only by the developer and need not be approved by the association, apartment owners, or lienors or mortgages of apartments of this Horizontal Property Regime, whether or not elsewhere required for an amendment.

is stricken in its entirety.

2. The word "developer" is stricken from the last sentence of the first full paragraph in Article 5, SOUTH BUILDING and the words "Home Owners Association" inserted in lieu thereof so that said sentence, as amended, reads as follows:

The Home Owners Association may retain ownership of the Manager's Apartment and the occupant

thereof shall enjoy free use of all common elements.

3. The first paragraph of Subsection (1), Article 7, is amended to read as follows:

Apartments. The association shall maintain, repair and replace at the Association's expense all portions of an apartment except interior surfaces contributing to the support of the Apartment Buildings, which portions shall include but not be limited to the outside walls of the building and all fixture of the exteriors thereof, boundary walls of apartments, floor and ceiling slabs, load bearing columns and walls. However, the Association will not maintain, repair or replace at the Association's expense conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which service an individual apartment. Any such repairs shall be done at the expense of the Apartment owner. All other maintenance, repair or replacement expense of conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which service part or parts of the apartment building, and not an individual unit alone, shall be borne by the Association. Likewise, all incidental damage caused to an apartment by such work shall be promptly repaired at the Association's expense.

The remaining provisions of Subsection (1), Article 7 shall remain unchanged.

4. The words "Except as elsewhere reserved to the developer" are stricken from the first line of paragraph 2, Article 7, MAINTENANCE, ALTERATION AND IMPROVEMENT, so that said paragraph now reads as follows:

(2) Neither an apartment owner nor the

association shall make any alterations in the portions of an apartment or apartment building which are to be maintained by the association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the apartment building, or impair any easement, without first obtaining the approval in writing of owners of all other apartments in the same building and the approval of the Board of Directors of the Association. A copy of plans for all such work shall be filed with the Association prior to the start of the work.

5. All that portion of paragraph 1 in Article 8 ASSESSMENTS is stricken after the words "elements owned by him" in the 5th line thereof so that said paragraph 1 now reads as follows:

Each apartment owner shall be liable for a proportionate share of the common expenses and shall share in the common surplus. Such shares being the same as the undivided share in the common elements owned by him.

6. The following is added as new paragraph (5) to Article 8, ASSESSMENTS:

(5) The lien for unpaid assessments shall be perfected by filing a notice thereof with the Dickinson County Recorder. Said notice shall be signed by the President of the Home Owners Association (or by his designate in his absence) and attested to by the Secretary of the Home Owners Association (or by his designate in his absence).

7. Paragraph 6 of Article 12, USE RESTRICTIONS is stricken in its entirety. New paragraph 6 shall be inserted therein and shall read as follows:

(6) LEASING OF APARTMENT UNITS. The Board of Directors shall have the authority to establish a rental policy for the Association.

In the absence of a duly approved rental policy, the following rules shall prevail; subject to the restrictions contained in the Declaration of Horizontal Property Regime and these By-Laws:

No apartment unit shall be rented except by a written lease for a period of not less than one year, in which case a copy of said lease shall be filed with the Secretary of the Association.

Every such lease shall include a provision that the lessee agree to keep no dog or cat as a pet, and no unit shall be rented to any person with a dog or cat.

No apartment unit shall be rented to more than one lessee at a time, and no tenants shall live in any unit thus rented unless married or members of the same family. The lessee shall not sublease the unit without approval of the Board of Directors.

8. New paragraph (7) shall be added to Article 12, USE RESTRICTIONS, as follows:

(7) No owner of any apartment shall keep or maintain any dog or cat as a pet.

9. New paragraph (8) shall be added to Article 12, USE RESTRICTIONS, as follows:

(8) No apartment shall be sold or leased to more than one person, except to a husband and wife.

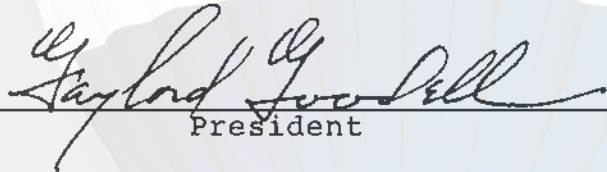
10. The words "or, until the first election of Directors, only by all of the Directors" shall be stricken from the 9th and 10th lines of paragraph (2), Article 14, AMENDMENTS.

Upon the adoption of these amendments the President and

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Secretary of Heather Ridge Home Owners Association are authorized and directed to cause to be prepared an Amended and Restated Declaration of Horizontal Property Regime consistent with these amendments, the same to be filed with the Dickinson County Recorder and distributed to all owners of the Association.

This proposed amendment No. 1 to Declaration of Horizontal Property Regime was adopted the 10th day of June, 1989, at a Regular meeting of the Heather Ridge Home Owners Association, Inc., in substantially the foregoing form.



President

ATTEST:



Secretary

DECLARATION OF HORIZONTAL PROPERTY REGIME

OF

HEATHER RIDGE

Made this 11th day of September, 1972, by Heather Ridge of Okoboji, Inc., an Iowa Corporation, hereinafter called developer, for itself, its successors, grantees and assigns.

WHEREIN Developer makes the following declarations:

1. PURPOSE. The purpose of this declaration is to submit the land hereinafter described and the improvements therein located to a horizontal property regime in the manner provided in Chapter 499B of the 1971 Code of Iowa, hereinafter called the Horizontal Property Regime.

(1) The name by which this condominium is to be known is Heather Ridge, said horizontal property regime located within the corporate limits of the town of Wahpeton, Dickinson County, Iowa, with post office address Rural Route, Milford, Iowa.

(2) The lands owned by the developer which are hereby submitted to the horizontal property regime is the following described property located in Dickinson County, Iowa, to-wit:

LOTS ONE (1), TWO (2), EIGHT (8), NINE (9), AND THE SOUTH THIRTY-SEVEN (37) FEET OF LOT THREE (3), ALL IN THE PLAT OF EMERSON BAY SUBDIVISION,

which real property is hereinafter called "The Land".

2. DEFINITIONS. Terms used herein and in the By-Laws hereto annexed shall have the meaning stated in the Horizontal Property Act and as follows, unless the context otherwise requires.

(1) Apartment means a unit as defined by the horizontal property act.

(2) Apartment owner means the owner of an apartment as defined by the Horizontal Property Act.

(3) Association means the Heather Ridge Homeowners Association, Inc.

(4) Common elements shall include the tangible personal property required for the maintenance and operation of the condominium, even though owned by the

association, as well as common elements and limited common elements as defined by the Horizontal Property Act.

(5) Common expenses include:

(a) Expenses of administration; expenses of maintenance, operation, repair or replacement of common elements, and of the portions of apartments to be maintained by the association.

(b) Expenses declared common expenses by provision of this declaration or by the By-Laws.

(c) Any valid charge against the Horizontal Property Regime as a whole.

(6) Wherever the context so permits, the use of the plural shall include the singular, the plural, and the use of any gender shall be deemed to include all genders.

(7) Utility services shall include, but not be limited to, electric power, gas, water, heating, refrigeration, air conditioning, garbage and sewage disposal.

3. DEVELOPMENT PLAN. The Horizontal Property Regime is described and established as follows:

(1) A survey of the land showing the apartment buildings placed thereon is attached hereto marked Exhibit "A", and is, by this reference, made a part hereof.

(2) Easements are reserved through the condominium property as may be required for utility services in order adequately to serve the condominium; provided, however, such easement through an apartment shall be only according to the plans and specifications for the building containing the apartment, or as the building is constructed, unless approved in writing by the apartment owner.

(3) The improvements upon the land shall include and will be limited to the following:

(a) Apartment Buildings. The Horizontal property regime includes three apartment buildings which are designated respectively as North Building,

South Building and East Building, respectively, the construction of which are frame with brick veneer.

(b) The Horizontal Property Regime includes the following other improvements; a north garage, a south garage, an east garage, a swimming pool, a series of docks (provided that permits for such can be obtained from the Iowa Conservation Commission), parking facilities and walkways, all of which shall be common elements except the garages and rooms located beneath each garage.

(4) The following general provision shall apply to each apartment:

(a) Each apartment, which term as used in this sub-section concerning boundaries shall include that part of the building containing the apartment which lies within the boundaries of the apartment, which boundaries are as follows:

(1) With respect to Horizontal Boundaries, the upper boundary of each apartment shall be for apartments next to the roof, the plane of the under surfaces of the chords of the roof trusses which serve as ceiling joints, and with respect to other apartments not next to the roof, the plane of the under surfaces of the floor plan of the floor above. The lower horizontal boundary shall be the plane of the under surfaces of the floor slab.

The vertical boundaries of each apartment shall be, with respect to exterior building walls, the exterior of the outside walls of the apartment building bounding an apartment, and where there is attached to the building a terrace or other portion of the building serving only the apartment being bounded, said boundary shall be deemed to include all of said structures and fixtures thereon. With respect to interior building walls, the vertical boundary is deemed to be the center line of

walls bounding an apartment.

(5) The common elements shall include the land and all other parts of the Horizontal Property Regime not within the apartment.

(6) The developer reserves the right to change the interior design and arrangement of all units, and to alter the boundaries between units, so long as the developer owns the unit so altered. No such change shall increase the number of apartments nor alter the boundaries of the common elements without amendment of this declaration by approval of the association, apartment owners, and others of mortgages in the manner elsewhere provided. If the developer shall make any changes in the unit so authorized, such changes shall be reflected by an amendment of this declaration. If more than one unit is concerned, the developers shall apportion between the units the shares in the common elements which are appertinent to the units concerned.

An amendment of this declaration reflecting such alteration of apartment plans by the developer need be signed and acknowledged only by the developer and need not be approved by the association, apartment owners, or lienors or mortgages of apartments of this Horizontal Property Regime, whether or not elsewhere required for an amendment.

4. NORTH BUILDING. The north building consists of two floors with four apartments located on each floor. Apartment 1-N is located on the upper floor at the north end of the north apartment building. Apartment 2-N is located directly south thereof. Apartment 3-N is located directly south of Apartment 2-N. Apartment 4-N is located directly south of Apartment 3-N. Apartment 5-N is located at the north end of the building on the lower floor below Apartment 1-N. Apartment 6-N is located immediately south of Apartment 5-N. Apartment 7-N is located immediately south of Apartment 6-N. Apartment 8-N is located immediately south of Apartment 7-N. Immediately

westward from the north apartment building is located the north garage building consisting of two stories. On the top story are located a garage stall for each apartment and beneath each garage stall on the bottom story is located a recreation room. Garage G1-N is located on the north end of the garage building and the corresponding recreation room is located directly beneath it. Garage G5-N is located immediately south of Garage G1-N and above its corresponding recreation room. Garage G6-N is located immediately south of Garage G5-N and immediately above its corresponding recreation room. Garage G2-N is located immediately south of Garage G6-N and immediately above its corresponding recreation room. Garage G7-N is located immediately south of Garage G2-N and immediately above its corresponding recreation room. Garage G3-N is located immediately south of Garage G7-N and immediately above its corresponding recreation room. Garage G8-N is located immediately south of Garage G3-N and immediately above its corresponding recreation room. Garage G4-N is located immediately south of Garage G8-N and immediately above its corresponding recreation room. The location of each garage and recreation room is more specifically set forth on Exhibit A.

The owner of each apartment shall likewise be the owner of the garage bearing a number corresponding to the number of the apartment and shall likewise be the owner of the recreation room located beneath the said garage.

The owner of each apartment located in the north apartment building shall likewise own an undivided 1/22nd share in the common elements.

The owner of each apartment in the north building shall likewise own one membership in the association and the interest of each apartment owner in the north building shall be 1/22nd of the funds and assets held by the association. Likewise each apartment owner in the north building shall be liable for a 1/22nd share of the common expenses and costs.

5. SOUTH BUILDING. The south building consists of two floors with four apartments located on each floor. Apartment 1-S is located on the upper floor at the north end of the

south apartment building. Apartment 2-S is located directly south thereof. Apartment 3-S is located directly south of Apartment 4-S. Apartment 4-S is located directly south of Apartment 3-S. Apartment 5-S is located at the north end of the building on the lower floor below Apartment 1-S. Apartment 6-S is located immediately south of Apartment 5-S. Apartment 7-S is located immediately south of Apartment 6-S. Apartment 8-S is located immediately south of Apartment 7-S. Immediately westward from the south apartment building is located the south garage building consisting of two stories. On the top story are located a garage stall for each apartment and beneath each garage stall on the bottom story is located a recreation room. Garage G1-S is located on the north end of the garage building and the corresponding recreation room is located directly beneath it. Garage G5-S is located immediately south of Garage G1-S and above its corresponding recreation room. Garage G6-S is located immediately south of Garage G5-S and immediately above its corresponding recreation room. Garage G2-S is located immediately south of Garage G6-S and immediately above its corresponding recreation room. Garage G7-S is located immediately south of Garage G2-S and immediately above its corresponding recreation room. Garage G3-S is located immediately south of Garage G7-S and immediately above its corresponding recreation room. Garage G4-S is located immediately south of Garage G3-S and immediately above its corresponding recreation room. Garage G8-S is located immediately south of Manager's garage and southwest of its corresponding recreation room. 8-S recreation room is located immediately south of 4-S and adjacent to Manager's apartment. The location of each garage and recreation room is more specifically set forth on Exhibit "A". The developer may retain ownership of the Manager's apartment and the occupant thereof shall enjoy free use of all common elements.

The owner of each apartment shall likewise be the owner of the garage bearing a number corresponding to the number of the apartment and shall likewise be the owner of the recreation room located beneath said garage.

The owner of each apartment located in the south apartment building shall likewise own an undivided 1/22nd share in the common elements.

The owner of each apartment in the south building shall likewise own one membership in the association and the interest of each apartment owner in the south building shall be 1/22nd of the funds and assets held by the association. Likewise each apartment owner in the north building shall be liable for a 1/22nd share of the common expenses and costs.

6. EAST APARTMENT BUILDING. The east apartment building consists of two floors with three apartments located on each floor. Apartment 1-E is located on the upper floor at the north end of the east apartment building. Apartment 2-E is located directly south thereof. Apartment 3-E is located directly south of Apartment 2-E. Apartment 4-E is located at the north end of the building on the lower floor below Apartment 1-E. Apartment 5-E is located immediately south of Apartment 4-E. Apartment 6-E is located immediately south of Apartment 5-E. Immediately westward from the east apartment building is located the east garage building consisting of one story. On the west is located a garage stall for each apartment and east of each garage stall is located a corresponding recreation room. Garage G1-E is located on the north end of the garage building and the corresponding recreation room is located adjacent to it. Garage G4-E is located immediately south of Garage G1-E. Garage G2-E is located immediately south of Garage G4-E. Garage G5-E is located immediately south of Garage G2-E. Garage G3-E is located immediately south of Garage G5-E. Garage G6-E is located immediately south of Garage G3-E. The location of each garage and recreation room is more specifically set forth on Exhibit A.

The owner of each apartment shall likewise be the owner of the garage bearing a number corresponding to the number of the apartment and shall likewise be the owner of the recreation room associated with said garage.

The owner of each apartment located in the east apartment building shall likewise own an undivided 1/22nd share in the common elements.

7. MAINTENANCE, ALTERATION AND IMPROVEMENT. Responsibility for the maintenance of the Horizontal Property Regime and restrictions upon the alteration and improvement thereof, shall be as follows:

(1) Apartments. The association shall maintain, repair and replace at the Association's expense all portions of an apartment except interior surfaces contributing to the support of the apartment building, which portions shall include but not be limited to the outside walls of the apartment building and all fixtures on the exterior thereof, boundary walls of apartments, floor and ceiling slabs, load bearing columns and load bearing walls. Likewise the Association shall maintain, repair and replace at the Association's expense all conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which are contained in the portions of an apartment maintained by the Association; and all other such facilities contained within an apartment which service part or parts of the apartment building other than the apartment within which contained. Likewise all incidental damage caused to an apartment by such work shall be promptly repaired at the expense of the association.

The responsibility of the apartment owner shall be as follows:

To maintain, repair and replace at his expense all portions of his apartment except the portions to be maintained, repaired and replaced by the association. Such shall be done without disturbing the rights of other apartment owners. The apartment owner shall not paint or otherwise decorate or change the appearance of any portion of the exterior of the apartment building. The apartment owner shall promptly report to the association any defect or need for repairs, the responsibility for the remedying of which is that of the association.

2. Except as elsewhere reserved to the developer, neither an apartment owner nor the association shall make any alterations in the portions of an apartment or apartment building which are to be maintained by the association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the apartment building, or impair any easement, without first obtaining the approval in writing of owners of all other apartments in the same building and the approval of the Board of Directors of the Association. A copy of plans for all such work shall be filed with the Association prior to the start of the work.

(3) Common Elements. The maintenance and operation of all the common elements shall be the responsibility and the expense of the Association. After the completion of the improvements included in the common elements are contemplated by this declaration, there shall be no alteration nor further improvement of common elements without prior approval in writing by the record owners of all the apartments; provided, however, that any alteration or improvement of the common elements bearing the approval in writing of the record owners of not less than eight apartments, and which does not interfere with the rights of any owners without their consent, may be done if the owners who do not approve are relieved from the cost thereof. The share of any cost not so assessed shall be assessed to the other apartment owners in the shares which their shares in the common elements bear to each other. There shall be no change in the shares and rights of an apartment owner in the common elements which are altered or further improved, whether or not the apartment owner contributes to the cost thereof.

8. ASSESSMENTS. The making and collection of assessments against apartment owners for common expenses shall be pursuant to the By-Laws and subject to the following provisions:

- 1 -

(1) Each apartment owner shall be liable for a proportionate share of the common expenses and shall share in the common surplus. Such shares being the same as the undivided share in the common elements owned by him; provided, however, that during any period of time in which there is only one apartment building being maintained and operated by the association, the maintenance and operation of such building shall be assessed only to the owners of apartments in that building and in the proportions which their respective shares in the common elements bear to each other, and provided further, however, that during any period of time in which there are two buildings being maintained and operated by the association, the common expenses attributable only to the maintenance and operation of such two buildings shall be assessed only to the owners of apartments in those buildings and in the proportions which their respective shares in the common elements bear to each other.

(2) Assessments and Installments thereon paid on or before ten days after the date due shall not bear interest, but all sums not paid on or before ten days after the date when due shall bear interest at the rate of 9% per annum from the date when due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(3) The lien for unpaid assessments shall also secure reasonable attorneys fees incurred by the association incident to the collection of such assessment or enforcement of such lien.

(4) In any foreclosure of a lien for assessments, the owner of the apartment subject to the lien shall be required to pay a reasonable rental for the apartment, and the association shall be entitled to the appointment of a receiver to collect the same.

9. ASSOCIATION. The operation of the Horizontal Property

Regime shall be by a corporation organized under the laws and statutes of the State of Iowa which shall be organized and shall fulfill its functions pursuant to the following provisions:

(1) The name of the association shall be Heather Ridge Home Owners Association, Inc.

(2) The association shall have all of the powers and duties set forth in the Horizontal Property Act, except as limited by this declaration and the By-Laws, and all of the powers and duties reasonably necessary to operate the condominium as set forth in this declaration and the By-Laws and as they may be amended from time to time.

(3) The members of the association shall consist of all of the record owners of the apartments, the record owner of each apartment to have one membership. The members of the association shall be entitled to cast one vote for each apartment owned by them. If an apartment is owned by one person his right to vote shall be established by the record-title to his apartment. If an apartment is owned by more than one person, or is under lease, the person entitled to cast the vote for the apartment shall be designated by a certificate signed by all of the record owners of the apartment and filed with the secretary of the association. If an apartment is owned by a corporation, the person entitled to cast the vote for the apartment shall be designated by a certificate of appointment signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the Corporation and filed with the Secretary of the Association. Such certificate shall be valid until revoked or until superceded by a subsequent certificate or until a change in the ownership of the apartment concerned. A certificate designating the person entitled to cast the vote of an apartment may be revoked by any owner thereof. The share of a member in the funds and assets

of the association cannot be assigned or transferred in any manner except as an appurtenance to his apartment.

(4) The affairs of the association shall be conducted by a Board of five Directors who shall be designated in the manner provided in the By-Laws.

(5) The By-Laws of the Association shall be in the form attached hereto marked Exhibit "B".

10. INSURANCE. The insurance which shall be carried upon the Horizontal Property Regime and the property of the apartment owners shall be governed by the following provisions:

(1) All insurance policies upon the Horizontal Property Regime shall be purchased by the association for the benefit of the association and the apartment owners and their mortgagees as their interests may appear. Apartment owners may obtain insurance coverage at their own expense upon their own personal property and for the personal liability and living expense.

(2) Casualty coverage. All buildings and improvements upon the land and all personal property included in the common elements shall be insured in an amount equal to the maximum insurance replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by standard extended coverage endorsement, such other risks as may from time to time be customarily covered with respect to buildings similar in construction, location and use in buildings on the land, including, but not limited to vandalism and malicious mischief. Public liability coverage shall be in such amounts with such coverage as shall be required by the Board of Directors of the Association, including but not limited to hired automobile and non-owned automobile coverages, and with cost liability endorsement to cover liabilities of the apartment owners as a group to an apartment owner. In addition the association shall purchase such Workmen's Compensation Policies as may be required by Iowa Statute.

Further, the association may purchase such insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

(3) Premiums upon insurance policies purchased by the association shall be paid by the association as a common expense.

(4) All insurance policies purchased by the association shall be for the benefit of the association, the apartment owners and their mortgagees as their interests appear and shall provide that all proceeds covering property losses shall be paid to Rock-Rapids State Bank as Trustee, or to any other Bank in Iowa as may be approved by the Board of Directors of the Association, which Trustee is hereinafter referred to as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of the policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustees shall be to receive such proceeds as are paid in to hold the same in trust for the purposes elsewhere stated herein and for the benefit of the apartment owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee.

(a) Proceeds on account of damaged common elements - an undivided share for each apartment owner. Such share being the same as the undivided share in the common elements of the Horizontal Property Regime.

(b) Proceeds on account of damage to apartments shall be held in the following undivided shares:

When the building is to be restored -
For the owners of damaged apartments in proportion to the cost of repairing the damage suffered by each apartment owner, which cost shall be determined by the association. When the building is not to be restored - an undivided share for each apartment owner, such share being the same as the undivided share in the common elements appurtenant to his apartments.

(c) In the event a mortgage endorsement has been issued as to an apartment, the share of the apartment owner shall be held in trust for the mortgagee and apartment owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

(5) Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) All expenses of the insurance trustee shall first be paid or provision made therefor.

(b) If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to apartment owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

(c) If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to apartment owners and their mortgagees being paid jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

(d) In making distribution to apartment owners and their mortgagees, the insurance trustee may rely upon a certificate of the association as to the names of apartment owners and their respective shares of the distribution.

(6) The association is hereby irrevocably appointed agent

for each apartment owner and for each owner of a mortgage or other lien upon the apartment and for such owner of any other interest in the Horizontal Property Regime to adjust all claims arising under the insurance policies purchased by the association and to execute and deliver releases upon the payment of claims.

11. RECONSTRUCTION OR REPAIR AFTER CASUALTY.

(1) If any part of the Horizontal Property Regime shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) If the damaged improvement is a common element, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the Horizontal Property Regime shall be terminated.

(b) Apartment building - partial destruction
If the damaged improvement is an apartment building, and if any apartment in the Horizontal Property Regime is found by the Board of Directors of the Association to be tenantable, then the damaged property shall be reconstructed or repaired unless within sixty days after the casualty it is determined by agreement in the manner elsewhere provided that the Horizontal Property Regime shall be terminated.

(c) Apartment building - total destruction.
If the damaged improvement is an apartment building, and if none of the apartments in the condominium are found by the Board of Directors of the Association to be tenantable, then the damaged property will not be reconstructed or repaired, the Horizontal Property Regime will be terminated without agreement as elsewhere provided, unless within sixty days after the casualty the owners of seventy-five percent (75%)

of the common elements agree in writing to such reconstruction or repair.

(d) The insurance trustee may rely upon a certificate of the association made by its President and Secretary to determine whether or not the damaged property is to be reconstructed or repaired.

(2) Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as exhibits; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is an apartment building, by the owners of all damaged apartments therein which approval shall not be unreasonably withheld.

(3) If the damage is only to those parts of one apartment for which the responsibility of maintenance and repair is that of the apartment owner, then the apartment owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the association.

(4) Immediately after a determination to rebuild or repair damaged property for which the association has the responsibility of reconstruction and repair, the association shall obtain reliable and detailed estimates of the cost to repair or rebuild.

(5) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the association, or if at any time during reconstruction and repair or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the apartment owners who own the damaged apartments, and against all apartment owners in the case of damage to common elements, in sufficient amounts to

provide funds for the payment of such costs. Such assessments against apartment owners for damage to apartments shall be in proportion to the costs of reconstruction and repair of their respective apartments. Such assessments on account of damage to common elements shall be in proportion to the owners share in the common elements.

(6) If funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the association from assessments against apartment owners, shall be disbursed in the following manner:

(a) If the total of assessments made by the association in order to provide funds for payment of costs of reconstruction and repair which is the responsibility of the association is more than \$5,000, then the sums paid upon such assessments shall be deposited by the association with the insurance trustee. In all other cases the association shall hold the sums paid upon such assessments and shall disburse the same with payment of the costs of the reconstruction and repair.

(b) The proceeds of insurance collected on account of a casualty and the sums deposited with the insurance trustee by the association from collections of assessments against apartment owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with an apartment owner shall be paid by the insurance trustee to the apartment owner, or if there is a mortgagee endorsement as to such apartment, then to the apartment owner and the mortgagee jointly, who may use such proceeds as they may be advised.

(2) If the amount of the estimated costs of reconstruction and repair which is the responsibility of the association is less than \$5,000, then the construction fund shall be disbursed in payment of such costs upon the order of the association, provided, however, that upon request to the insurance trustee by a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(3) If the amount of the estimated costs of reconstruction and repair which is the responsibility of the association is more than \$5,000, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association.

(4) It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from the insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(5) Notwithstanding the provisions herein, the insurance trustee shall not be required to determine whether or not sums paid by apartment owners upon assessments shall be deposited by the association with the insurance trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the association, nor whether a disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid, nor to determine whether surplus funds to be distributed are less than the assessments paid by the owners. Instead, the insurance trustee may rely upon a certificate of the association by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided, that when a mortgagee is herein required to be named as payee the insurance trustee shall also name the mortgagee as payee.

12. USE RESTRICTIONS. The use of the property of the Horizontal Property Regime shall be in accordance with the following provisions so long as the Horizontal Property Regime exists and any of the apartment buildings in useful condition exists upon the land:

(1) Each of the apartments shall be occupied only by a single family and guests as a residence and for no other purpose, except as reserved to the developer, no

apartment may be divided or sub-divided into a smaller unit, nor any portion thereof sold or otherwise transferred, without first amending this declaration to show the changes in the apartments to be effected thereby.

(2) The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the apartments.

(3) No nuisances shall be allowed upon the Horizontal Property Regime nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate, nor any fire hazard allowed to exist. No apartment owner shall permit any use of his apartment or make any use of the common elements which will increase the rate of insurance upon the Horizontal Property Regime.

(4) No immoral, improper, offensive or unlawful use shall be made in the Horizontal Property Regime nor any part thereof; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Horizontal Property Regime shall be the same as the responsibility for the maintenance and repair of the property concerned.

(5) Reasonable regulations concerning the use of the Horizontal Property may be made and amended from time to time by the Board of Directors of the Association; provided, however, that all such regulations and amendments thereto shall be approved by not less than a majority of the association members present and voting.

(6) It is provided, however, notwithstanding anything previously set forth, that until the developer has completed and sold all of the apartments, neither the apartment owners nor the association nor the use of the Horizontal Property Regime shall interfere with the completion of the contemplated improvements and the sale of the apartments. The developer may make such use of the unsold units in common areas as may facilitate such completion and sale, including but not limited to maintenance of a sales office, the showing of the property, and the display of signs.

13. Each apartment owner shall be governed by and shall comply with the terms of this declaration of Horizontal Property Regime, the By-Laws and regulations adopted pursuant thereto, and said documents and regulations as they may be amended from time to time. Failure of apartment owners to comply therewith shall entitle the association or other apartment owners to the following relief in addition to the remedies provided by the Horizontal Property Act:

(1) An apartment owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his acts, neglect or carelessness or by that of any member of his family or his or their guests, employees, agents or lessors, but only to the extent that such expense is not met by the proceeds of insurance carried by the association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of an apartment or its appurtenances, or of the common elements.

(2) In any proceeding arising because of an alleged failure of an apartment owner to comply with the terms of the declaration, By-Laws and regulations adopted pursuant thereto, and said documents and regulations as they may be amended from time to time, the prevailing

party shall be entitled to recover the costs of the proceeding and such reasonable attorneys fees as may be awarded by the Court.

(3) The failure of the association or any apartment owner to enforce any covenant, restriction, or other provision of the Horizontal Property Act, this declaration, the By-Laws and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

14. AMENDMENTS. This declaration of Horizontal Property Regime and the By-Laws of the Heather Ridge Home Owners Association, Inc., may be amended in the following manner, as well as in the manner elsewhere provided:

(1) Notice of the subject matter of a proposed amendment shall be included in the Notice of any meeting at which a proposed amendment is considered.

(2) A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the members of the Association. Directors and members not present at the meetings considering the amendment may express their approval in writing. Except as elsewhere provided, such approvals must be agreed upon by a majority of the directors and by not less than a majority of the members of the association present and voting, or, until the first election of Directors, only by all of the Directors, providing the amendment does not increase the number of apartments nor alter the boundaries of the common elements.

(3) In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners of apartments in the Horizontal Property Regime in the manner required for the execution of the deed, and such amendment shall be effective and recorded in the public records of Dickinson County, Iowa.

(4) A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the association with the formalities of

a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the public records of Dickinson County, Iowa.

15. The Horizontal Property Regime may be terminated in the following manner in addition to the manner provided in the Horizontal Property Act:

(1) In the event it is determined in the manner elsewhere provided that an apartment shall not be reconstructed because of major damage, the Horizontal Property Regime plan of ownership may be thereby terminated upon a majority vote of the record titleholders of the other apartment buildings.

(2) The Horizontal Property Regime may be terminated at any time by the approval in writing of all of the owners of the Horizontal Property Regime, and by all record owners of mortgages upon apartments therein owned by a Bank, Life Insurance Company, or a Savings & Loan Association. If the proposed termination is submitted to a meeting of the members of the association, the notice of which meeting gives notice of the proposed termination, and if the approval of the owners of not less than seventy-five (75%) percent of the common elements, and of the record owners of all mortgages upon apartments in the Horizontal Property Regime owned by a Bank, Life Insurance Company, or a Savings & Loan Association, or obtained not later than thirty (30) days from the date of such meeting, then the approving owner shall have an option to buy all of the apartments of the other owners for a period ending on the 60th day from the date of such meeting. Such option shall be upon the following terms:

(a) The option shall be exercised by delivery or mailing by registered mail to each of the record owners of the apartments to be purchased of an

agreement to purchase signed by the record owners of apartments who will participate in the purchase. Such agreement shall indicate which apartments will be purchased by each participating owner and shall agree to purchase all of the apartments owned by owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.

(b) The sale price for each apartment shall be the full market value determined by agreement between the seller and purchaser within thirty

(30) days from the delivery or mailing of such agreement, and in the absence of agreement as to price it shall be determined by arbitration in accordance with the existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination on an average of their appraisals of the apartments; and a judgment of specific performance of the sale upon the award rendered by the Arbitrators may be entered in any Court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(c) The purchase price shall be paid in cash.

(d) The sale shall be closed within ten days following the determination of the sale price.

(e) The termination of the Horizontal Property Regime in either of the foregoing matters shall be evidenced by a certificate of the association executed by its president and secretary certifying as to facts effecting termination, which certificate shall become effective upon being recorded in the public records of Dickinson County, Iowa.

(4) After termination of the condominium the apartment owner shall own the condominium property and all assets of the association as tenants in common in undivided shares, and their respective mortgages and lienors shall have mortgages and liens upon the respective undivided shares of the apartment owners. Such undivided shares of the apartment owners shall be the same as the undivided shares in the common elements appurtenant to the owners' apartments prior to the termination.

(5) This section concerning termination cannot be amended without consent of all apartment owners and of all owners of mortgages required to approve termination by agreement.

16. The invalidity in whole or in part of any covenant or restriction or any section, sub-section, sentence, clause, phrase or word or other provision of this declaration of Horizontal Property Regime and the By-Laws and regulations of the association shall not effect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, the developer has executed this declaration the day and year first above written.

HEATHER RIDGE OF OKOBOJI, INC.,

BY: *Heather L. Campbell*
President

STATE OF IOWA }
DICKINSON COUNTY } SS.

On this 11th day of December, 1972, before me, the undersigned, a Notary Public in and for said County, in said State, personally appeared Heather L. Campbell to me personally known, who, being by me duly sworn, did say that he is the President of said corporation executing the within and foregoing

instrument to which this is attached, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said Robert Lee Finkley as such officer acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by him voluntarily executed.

Walter W. Bailes
NOTARY PUBLIC-DICKINSON COUNTY, I.A.

