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JAN BORTSCHELLER
RECORDER
DICKINSON COUNTY, IOWA
FEES 239.00

Declaration of Submission of Property
to Horizontal Property Regime for
Iowa Cottages on East

Preparer Information:

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DECLARATION OF SUBMISSION OF PROPERTY
TO HORIZONTAL PROPERTY REGIME FOR
IOWA COTTAGES ON EAST

Three Seas Realty, II, L.L.C. referred to herein as "Developer", hereby executes this instrument of Declaration of Submission of Property to a Horizontal Property Regime to be known as IOWA COTTAGES ON EAST (hereinafter referred to as "regime") all pursuant to Chapter 499B, Code of Iowa, (this and all other references in this Declaration and exhibits hereto to the Code of Iowa refer to the 2007 Code of Iowa), entitled Horizontal Property Act (Condominiums) the same to take effect when filed for record in the offices of the Dickinson County Recorder.

RECITALS

A. The Developer is the owner of the land (the "Land") and proposed improvements to be known as IOWA COTTAGES ON EAST in the City of Arnolds Park, Dickinson County, Iowa. The legal description of such Land is as follows:

Lot A, except the South 87 feet thereof; All of Lot B, and the South 2 1/2 rods of Lot C, all in Auditor's Plat of Government Lot 5, Section 20, Township 99, Range 36, West of the 9th P.M., in the City of Arnolds Park, Dickinson County, Iowa

B. A Site Plan depicting the Land and the Buildings and Units to be constructed thereon, and the Common Elements as defined below, is attached hereto as Exhibit A (the "Site Plan").

C. The IOWA COTTAGES ON EAST shall consist of 31 separate units located thereon which are each two-story wood frame buildings and asphalt shingles on the roof, with all 31 buildings being comprised of 4 bedroom Units. Also included in the Declaration are 31 single unit carports located on the perimeter of the premises as shown on Exhibit A. Developer by this Declaration intends to make IOWA COTTAGES ON EAST a condominium as defined in Chapter 499B, Code of Iowa, pursuant to this Declaration.

D. Developer's purpose, by filing this Declaration, is to submit and convey the Land described above and the Buildings to be constructed thereon, together with all appurtenances thereto, to the condominium form of ownership and use pursuant to the provisions of the aforesaid Horizontal Property Act, and to impose upon such property mutually beneficial restrictions under a general plan of improvement for the benefit of all condominiums and the owners thereof.

NOW, THEREFORE, Developer does hereby declare that all of the Land and Buildings to be constructed thereon be held subject to the following covenants, conditions, restrictions, uses, limitations, and obligations, all of which are declared and agreed to be in the furtherance of a plan for the improvement of the property and the division thereof into condominiums and shall run with the land and shall be a burden and a benefit to Developer, its successors and assigns, and any person owning an interest in the real property, improvements and appurtenances thereto, his grantee successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I.

DEFINITIONS AND GENERAL

1. **Association.** The term "Association" means the IOWA COTTAGES ON EAST OWNERS ASSOCIATION, and its successors and shall, for purposes of this Declaration, be the "Council of Co-owners" as defined in Section 499B 2(3) Code of Iowa
2. **Building.** The term "building" or "building(s)" means the buildings constructed on the Land containing the Units.
3. **Common Elements or Areas.** The term "common elements" or "common areas" means all general common elements and limited common elements as defined herein.
4. **Condominium.** The term "condominium" when used as a noun means a Unit and appurtenances thereto
5. **Condominium Documents.** The term "condominium documents" means this declaration, all exhibits attached hereto including the Articles of Incorporation and Bylaws of the Association, and supplements and amendments therein.
6. **General Common Elements.** The term general common elements means and is described as all portions of the property not located within any Unit except such portions of the property which are defined or reserved as limited common elements, and the term also includes but is not limited to the Land, access drives, access walkways, pool, outside parking, sidewalks, landscaping, plantings and pertinent equipment and furnishings.

All structural elements of the Building, including but not limited to the foundation, slabs, exterior walls, roof and attic, interior load bearing walls, walls dividing Units and walls separating Units from another common area, floors, ceilings, and other structural elements of the Building not reserved to a Unit are general common elements.

All sewer, water, electrical, gas, telephone and other utility or service lines, wiring, ducts, conduits, and piping located outside of any Unit or which serve more than one Unit are general common elements notwithstanding the same are located in part within a Unit.
7. **Owner.** The term "owner" means the holder of a real property interest in a Unit, except when otherwise defined in the condominium documents, and excluding mortgages not in possession, lien holders and interests merely collateral in nature.
8. **Ownership Units.** The term "ownership Units" means the ownership made appurtenant to each Unit in Article III and its counterpart unit hereof for purposes including but not limited to determining each Unit's appurtenant share of the common elements, and determining voting and assessment in accordance with the Bylaws of the Association.
9. **Property or Project.** The term "property" or "project" or the term "condominium property" or "condominium project" includes all property, real, personal or mixed submitted to the regime

other than the personal property of any owner which might otherwise be considered submitted to the regime.

- 10. Unit. Each Unit shall consist of the area between the decorated and finished interior surfaces of its perimeter walls (including windows and sliding glass doors) and including the interior surface of the exterior door(s), and between the lower surface of the ceiling and the upper surface of the lowest floor. A Unit shall include and be defined by the above referred to surfaces and shall also include the carport area, windows, electric appliances, electrical fixtures and plumbing fixtures, including the heating, ventilating and air conditioning equipment and hot water heater within the Units, and non-load bearing partitions or walls within such area, except that all lines, wires, ducts and the like within any non-load bearing partition or wall which serve more than one Unit, shall be excluded and shall not constitute a part of the Unit. "Unit" shall have the same meaning as "apartment" as defined in Section 499B.2(1) Code of Iowa, except as further defined in this paragraph.
- 11. Plural and Gender. 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.
- 12. Successors, Grantees and Assigns. Reference to Developer, an owner, the Association, or any person or entity shall include the respective heirs, successors, grantees and assigns thereof.
- 13. Severability. The invalidity of a covenant, restriction agreement, undertaking, or other provision of a condominium document shall not affect the validity of the remaining portions thereof.
- 14. Incorporation. Exhibits attached hereto and referred to herein are hereby made a part hereof with the same force and effect as other provisions of this document, provided that, whereover specifically provided, modification of certain exhibits shall not be deemed an amendment of this Declaration.
- 15. Other Definitions. Certain other terms are defined at various places in this declaration and to the extent not defined herein, the definitions contained in the Horizontal Property Act shall control.

ARTICLE II.

IDENTIFICATION OF LAND, BUILDINGS AND UNITS

1. Location of Land and Improvements. The Land and improvements hereby submitted to the regime are located at Arnolds Park, Dickinson County, Iowa, as legally described above and as depicted on the Site Plan. The Units and Carport Units are hereby submitted to the regime. The Units and Carport Units which are shown on the Site Plan and designated by number on the Site Plan and further depicted on the building floor plans attached hereto as Exhibit D, are hereby submitted to the regime. Exhibits "A" and "B" contain and such contents shall govern, for purposes of this Declaration and for purposes of meeting certain requirements of Section 499B.4 and 499B.6 of the Code of Iowa, the following:

- (a) The number identifying each Unit and Carport Unit, the location and number of rooms in each Unit, and the immediate common area to which each Unit has access
- (b) The full and exact copy of the plans of the Buildings which show graphically all

particulars of the Buildings including, but not limited to the dimensions, area and location of the common elements affording access to each Unit.

2. Streets and Driveways. The access drives shown in Exhibit "A" shall be private access drives within the regime and common elements thereof, affording access to the Units and Carport Units and common elements from public streets, and an easement over such access drives as is necessary for ingress and egress to such Units and Carport Units and common elements shall be appurtenant to each Unit and Carport Unit. The portion of the walkways in front of each Unit and Carport Unit shall be limited common elements, as provided below.

ARTICLE III.

OWNERSHIP OF UNITS, APPURTENANCES AND EASEMENTS

1. Exclusive Ownership of Unit. Each owner shall be entitled to exclusive ownership and possession of his Unit and Carport Unit. An owner shall be deemed to own the windows and glass doors of his Unit. An owner shall not be deemed to own the undecorated or unfinished interior surfaces of the perimeter walls, floors, ceilings and exterior doors bounding his Unit which are included in limited or general common elements notwithstanding the fact that such elements are within the perimeter of such Unit. An owner, however, shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise finish and decorate the interior surfaces of the perimeter walls, floors, ceilings, and exterior doors bounding his Unit and also shall have such exclusive rights with respect to general or limited common elements which are within his Unit, including specifically the right to penetrate such common element with nails and other fasteners for hanging customary pictures, mirrors and similar wall decorations.
2. Appurtenances. There shall pass with the ownership of each Unit as a part hereof, whether or not separately described, all appurtenances to such Unit (whether such appurtenance is described in this Article or elsewhere in this Declaration or in the Bylaws of the Association), including the limited common elements. No part of the appurtenant interest of any Unit may be sold, transferred or otherwise disposed of except in connection with the sale, transfer or other disposition of such Unit itself or of all Units in the regime.
3. Ownership Units. Each individual Unit shall constitute one unit for purposes of determining appurtenant share of common elements, and determining voting and assessment rights.
4. Undivided Ownership Interest. An undivided interest in the land and other common elements of the regime, regardless of whether such elements are general or limited common elements, shall be appurtenant to each Unit. The amount of such undivided interest appurtenant to each Unit shall be a fraction, the numerator of which is one (1) and the denominator of which is the number of all Units which have been submitted to the regime, all as shown on Exhibit C, attached hereto.
5. Use of Limited Common Elements. The exclusive use of limited common elements shall be deemed an appurtenance of the Unit or Units for which said elements are reserved provided such use and enjoyment shall be limited to the uses permitted by this Declaration and other condominium documents.
6. General Common Elements. Appurtenant to each Unit shall be a right to use and enjoy the

general common elements.

7. **Membership and Voting Rights.** Appurtenant to each Unit and Carpet Unit shall be membership in the Association and one vote in the affairs of the Association and of the regime, provided the exercise of such voting and membership rights shall be subject to the applicable provisions of the Articles and Bylaws of the Association and of the other condominium documents. The action of such Association shall be deemed the action of the owners or of the Council of Co-owners whenever such action is permitted or required by Chapter 499B of the Code of Iowa, and such action when taken in accordance with the Bylaws of the Association and this Declaration shall be final and conclusive upon all Unit Owners.
8. **Encroachment Easements.** If any portion of the common elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the common elements, or if any of such encroachments shall occur hereafter as a result of shifting or settling of the building or from alteration, repair or improvement to the common elements or as a result of repair or restoration of the common elements of a Unit after damage by fire or other casualty, or as a result of condemnation or of eminent domain proceedings, then in each of such events a valid easement shall exist for such encroachment and for the maintenance thereof so long as the building, common elements and Units exist, as long as the physical boundaries of the Units after construction, reconstruction, repair, etc. are in substantial accord with the description of those boundaries that appear in this declaration.
9. **Cross Easements.** 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 areas and for maintenance, repair, and replacement as authorized;
 - (b) Through the Units and common elements for maintenance, repair and replacement or reconstruction of common elements, but access to Units and limited common elements shall be only during reasonable hours except in case of emergency;
 - (c) Through the Units and common areas for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility or other services to the other Units and the common areas;
 - (d) To the extent necessary, each Unit shall have an easement for structural support over the common elements and over any other Unit in the building, and each Unit and the common elements shall be subject to an easement for structural support in favor of every other Unit in the building and the common elements.
10. **Utility Easements.** The Association shall have the right to grant utility easements under, through and over the common elements which are reasonably necessary to the ongoing development and operation of the Condominium Project.
11. **Owners Access.** Each Unit owner shall have a perpetual right appurtenant to the owner's ownership interest in the Unit for access to and from the owner's Unit across and through the common elements.

- 12 No private docks shall be allowed. The Developer shall be initially responsible for providing docks along the lakefront to serve the units, which docks shall be maintained and regulated as limited common elements by the Owners' Association. All docks are regulated by and shall be in conformance with applicable state and local law. Units 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 14 and 15 shall receive spaces for boat hoists. The Association shall have the responsibility for assigning remaining boat hoist spaces and all the placement of all boat hoists at the dock. All boat hoists shall be covered and have tan boat covers. Placement of boat hoists shall be determined by giving priority to spaces in proximity to the unit of the owner and the size of the boat. Boat hoists shall not be over 12,000 pound capacity and no boat shall be longer than 30 feet. No hoist may be used for a boat of a non-owner, or for personal watercraft, except as otherwise provided herein. No boats, hoists or hoist spaces may be rented. No individual may install docks or catwalks except as approved by the Association. The Developer may allow use of any spaces or hoists available to non-owners for so long as the Developer owns units and also may provide reasonable use of the property to access such dock spaces and hoists. Spaces for personal watercraft may be allowed only to the extent there are spaces available. Use of spaces for boat hoists shall always take priority over uses for personal watercraft.

ARTICLE IV.

LIMITED COMMON ELEMENTS

1. **Definitions.** The term "limited common elements" shall mean a portion of the common elements set aside and allocated for the restricted use of respective Units as is or as may hereinafter be designated. At the time of conveyance, each respective document of conveyance shall be deemed to convey the limited common elements to be used exclusively in conjunction with the respective Unit without necessity of naming the same.
2. **Reservation.** The limited common elements consisting of the balconies or patios, and the portions of the walkways in front of the individual Units, which exclusively serve each Unit, are reserved as limited common elements for the exclusive use of each respective Unit.
3. **Maintenance.** The cost of maintenance and repair of any balcony or patio or walkway shall be assessed against the Unit that such balcony or patio or walkway exclusively serves.
4. **Exception.** Notwithstanding the reservations permitted by this Article, the design and layout of the Building and grounds submitted and the integrity and appearance of the regime as a whole are the common interest of all owners and shall remain a part of the general common elements.
5. **Right of Association.** The reservation of the limited common elements shall not limit any right the Association and its agents may otherwise have to alter such limited common elements or enter upon such limited common elements.

ARTICLE V.

DEVELOPERS RESERVED RIGHTS, POWERS AND OBLIGATIONS

1. **Developer's Activities and Unit Ownership.** Developer 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 the owners including membership in the Association save for this right to sell, rent, or lease.
2. **Developer's Liability for Assessments.** The Developer, and the Units which Developer owns, shall be liable for any assessments made by the Association whether general or special, as is any other Unit owner. The Developer shall not be required to pay an assessment for any units not yet built and ready for occupancy.
3. **Designation of Association Directors.** Developer shall have the right to name all members of the Board of Directors of the Association until the first annual members' meeting of said Association which shall be held no later than the earlier of 120 days after the date by which 75% of the Units have been conveyed to Unit purchasers or the date 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.** Developer reserves the right to change the interior design and arrangement of all Units, and to alter the boundaries between units, so long as Developer owns the Units so altered. If Developer 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 Developer, 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 of 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 Developer reserves the right to substitute for any of the materials, equipment and appliances, materials, equipment and appliances of equal or better quality.
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 Developer 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 Unit of the working capital fund shall be collected at the time of the sale of the Unit or on the Control Transfer Date, whichever is earlier, or for Units sold prior to the establishment of the fund, at the time of the closing of the first mortgage loan to be insured by FIAA or sold to FNMA. Amounts paid into this fund shall not be considered as advance payments of regular assessments. The working capital fund shall be transferred by the Developer to the Association for deposit to a segregated fund on the Control Transfer Date. The Developer may not use the working capital fund to defray any of its expenses, reserve contributions or to make up any budget deficits while it is in control of the Association. The Developer may, however, reimburse itself for funds paid to the Association for any unsold Unit's share of the working capital fund from funds collected at closing when the Unit is sold. After control of the Association has effectively 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 Buildings. Developer reserves the right to construct one Unit at a time in the Condominium Regime.
8. Assignment of Developer's Reserved Rights. Developer 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 Developer's Reserved Rights, the initial Developer shall have no further obligation in connection with the Condominium Regime.
9. Right of Access. The Developer 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 Developer shall restore any common element disturbed by Developer's use of such easement to the condition existing prior to the disturbance as soon as practically feasible after Developer's use of the easement rights granted herein are concluded. Also, the easement rights granted herein shall be exercised by the Developer only if and when the access required by Developer is not otherwise reasonably available other than over, across or through the common elements.

ARTICLE VI.

MANAGEMENT OF THE REGIME

1. Association; Membership; Vote or Other Action of Owners. The business and affairs of the regime shall be governed and managed by the Association, a non profit membership corporation organized and existing under Chapter 504A, Code of Iowa. Copies of its Articles of Incorporation and of its Bylaws are attached hereto as Exhibit "D" and Exhibit "E", respectively. Whenever a vote or other action of Unit owners as a group is required the mechanics of conducting such a vote or taking such action shall be under the control and supervision of the Association. The action of the Association shall constitute the action of the owners or of the Council of Co-Owners whenever such action is permitted or required hereby by Chapter 499B of the Code of Iowa.
2. Agreement and Compliance. All owners, the Association, tenants, families, guests and other persons using or occupying the regime shall be bound by and strictly comply with the provision of the Bylaws of the Association and applicable provisions of the other condominium documents,

and all agreements, regulations, and determinations lawfully made by the Association and its directors, officers or agents shall be binding on all such owners and other persons. A failure by any owner, the Association, tenant, family, guest or other person occupying or managing the condominium regime to comply with the Bylaws or the provisions of the other condominium documents or any agreement or determination thus lawfully made shall be grounds for an action to recover sums due for damages on the part of the Association or any owner as applicable and for mandatory or other injunctive relief without waiving either remedy. The costs, including reasonable attorney's fees incurred by the Association to enforce same shall be a lien against the Unit whose owner failed to comply and this lien shall be subject to foreclosure by the Association.

3. Availability of Documents and Records. The Association shall make available to Unit owners, lenders and the holders and insurers of the first mortgage on any Unit current copies of this Declaration, the Bylaws of the Association and any rules or regulations passed by the Association governing the condominium regime and other books, records and financial statements of the Association. Such information shall also be made available by the Association to prospective purchasers of Units, including the most recent audited financial statement of the Association, if such is prepared. "Available" shall at the least mean available for inspection upon request during normal business hours or under other reasonable circumstances. Also upon the written request of any agency or corporation which has an interest or prospective interest in the condominium regime, the Association shall be required to prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.
4. Included Powers; Foreclosure of Lien; Waiver of Partition. Each owner agrees that the Association has and shall exercise all powers, rights and authority granted unto it, the Council of Co-Owners and the owners as a group by Chapter 504A and 499B Code of Iowa, as such as are more particularly set forth in the condominium documents, including but not limited to the making of assessments chargeable to owners and the creation of a lien on Units thereby, and the right, acting on behalf of the Unit owners, to foreclose the lien thereof and acquire a Unit at foreclosure sale and to hold, lease, mortgage or convey the same; all Unit owners shall be deemed to have waived all rights of partition, if any, in connection with such acquisition. Each owner hereby waives any right to delay or prevent such foreclosure by the Association which he may have by reason of a bona fide execution.
5. No Avoidance by Waiver of Use; Right of Entry. Each owner shall be liable for all assessments made by the Association against his Unit for common expenses and liabilities of the Association and the condominium property and regime. The liability of a Unit owner for all assessments made by the Association may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of a Unit for which an assessment is made. The Association shall have the right exercisable at reasonable times to enter a Unit as may be necessary or advisable to carry out its responsibilities.
6. Utilities. Each Unit owner shall pay all charges before they become delinquent for telephone, electricity, gas, cable television and any other service which is billed directly to the Unit owner. All other utility charges shall be paid by the Association and the costs of the same shall be a common expense to be assessed against each Unit owner as part of the regular assessment.
7. Management Control. Pursuant to authority granted in its Bylaws, the Association has the right to enter into a contract with Developer or its assignee for professional management of its affairs for an initial term not to extend for more than three years from the date of the filing of the:

Declaration, and the management fee thereof shall be a common expense and such fee shall not increase by more than the yearly rate of increase in the Consumer Price Index U.S. City Average for wage Earners and Clerical Workers (CPI-W) as published by the Department of Labor. Any such fee adjustment shall be no more often than once each year and the fee paid during the first year shall be the base year and the index published for the first month on the initial term shall be the base index. Upon or after the Control Transfer Date the Association or the Developer shall have the right to terminate such contract without penalty or cause upon 90 days written notice to the other party.

8. Discharge of Liability. The owner shall promptly discharge any lien which may hereafter be filed against his condominium Unit.
9. Negligence. A Unit owner shall be liable to the Association for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of his family, guests, employees, agents, or lessees, which liability shall include any increase in insurance rates resulting therefrom.
10. Limitation of Association's Liability. The Association shall not be liable for any failure of water or other service to be obtained and paid for by the Association hereunder, or for injury or damage to property caused by or on the common elements or by another owner or person in the project, or resulting from electricity, water, rain, air, dust, dirt or sand which may leak or flow from outside or from any parts of the Buildings, or from any of its pipes, drains, conduits, appliances or equipment or from any other place unless caused by negligence of the Association. No diminution or abatement of common expense assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common area or from any action taken to comply with any law, ordinance or orders of a governmental authority.
11. Indemnification of Management Committee Members. Each member of the Association shall be indemnified by the owners against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceedings to which he may be a party, or in which he may become involved, by reason of his being or having been an officer or director of the Association or any settlement thereof, whether or not he is an officer or director at the time such expenses are incurred, except in such cases wherein such person is adjudged guilty of or liable for willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being for the best interest of the Association.
12. Association as Attorney-in-Fact for Owners. The Association is hereby irrevocably appointed attorney-in-fact for the Owners of each and every unit to manage, control and deal with the interest of such Owners in the Common Areas so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with the IOWA COTTAGES ON PAST upon its destruction or obsolescence as hereinafter provided. The Association, or any Insurance Trustee designated by the Association, is hereby irrevocably appointed attorney-in-fact for the owners of each and every unit to purchase, maintain and handle insurance and insurance proceeds and condemnation awards as hereinafter provided, including, but not limited to collection and appropriate distribution of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of documents, and the performance of all other acts

necessary to accomplish such purpose. The acceptance by any person or entity of any interest in any unit shall constitute an appointment of the Association as an attorney-in fact as provided above.

17. **Subordination of Assessment Liens.** If any Unit subject to a lien created by any provision in this Declaration shall be subject to the lien of a first Mortgage of record, (i) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Mortgage and (ii) the foreclosure of the lien of such Mortgage or the acceptance of a deed in lieu of the foreclosure by the Mortgagee, shall not operate to affect or impair the lien except that assessment liens, if any, as shall have come due up to the expiration of the applicable redemption period and issuance of a sheriff's deed resulting from a decree of foreclosure or the acceptance of a deed in lieu of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser and purchasers therefrom taking title free of assessments, if any, that have come due up to the expiration of the applicable redemption period and issuance of a sheriff's deed resulting from a decree of foreclosure or deed given in lieu of foreclosure, but subject to assessment liens that shall have come due subsequent to the expiration of the applicable redemption period and issuance of a sheriff's deed resulting from a decree of foreclosure or the acceptance of a deed in lieu of foreclosure. All assessment liens as shall have come due up to the expiration of the applicable redemption period and issuance of a sheriff's deed resulting from a decree of foreclosure or the acceptance of a deed in lieu of foreclosure and have not been paid shall be deemed to be an expense of the Association, but this shall not delegate the Association's right to collect said sums from the defaulting owner personally.

ARTICLE VII.

FIRST LIEN HOLDERS RIGHTS

1. **Notices of Action.** A holder, insurer, or guarantor of a first mortgage, upon written request to the Association, (such request to state the name and address of such holder, insurer, or guarantor and the Unit number), will be entitled to timely written notice of:
- (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 owed by an owner of a Unit subject to the mortgage of such eligible holder, insurer, or guarantor, where such delinquency

has continued for a period of 60 days.

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

2. Other Provisions for First Lien 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 67% 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 67% 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

NOTE: As used in this section, the term "eligible holder, insurer, or guarantor" shall mean a holder, insurer, or guarantor of a first mortgage on a Unit which has requested notice in accordance with the provisions of Section VII(1) above. The rights set forth in this Article VII are in addition to and not in limitation of the other rights granted elsewhere in the Declaration to any eligible holder, insurer, or guarantor

ARTICLE VIII.

MAINTENANCE, ALTERATION AND IMPROVEMENT

1. Definitions. Certain terms used in this Article shall have a meaning as follows, providing any dispute over the characterization of work within one of the following meanings shall be conclusively decided by the Board of Directors of the Association.

(a) "Maintenance" or "repair" shall mean the act of maintaining, restoration, renovation, reconstruction, replacement, rebuilding and similar work necessary to preserve a Unit, the building, the common elements, or the property in its condition as of the date of the completion of such improvements or restoration

(b) "Improvement" shall mean the addition of a new structure, element or facility, other than a structure, element or facility, otherwise provided for by this Declaration or any Supplemental Declaration

2. Maintenance by Association.

(a) The Association shall maintain all common elements, whether limited or general, and shall make assessments therefor as a common expense except where the cost of maintenance has been specifically made the responsibility of each Unit in which case, each such Unit shall be assessed on an individual basis.

(b) The Association shall repair incidental damage caused to a Unit through maintenance by the Association and shall assess the cost thereof as a common expense.

(c) If a Unit owner defaults on his responsibilities of maintenance, the Association shall assume such responsibilities and shall assess the cost thereof against the owner of such Unit and such assessment shall be collectible from the Unit owner as if it were an assessment for common expenses.

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

3. Maintenance by Owner.

(a) Each Unit owner at his own expense shall maintain the interior, including the boundary surfaces of such Unit 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 shall be responsible for the maintenance of all personalty including carpets, furnishings, and appliances within such Unit.

(b) The owner of each Unit shall be responsible for maintenance of any plumbing fixture, lighting fixture, refrigerators, dishwashers, disposals, ranges, heating, ventilation, air-conditioning equipment, and hot water heater located in or connected with such Unit and for its exclusive use. The owner shall also, at his own expense, keep in a clean condition any limited common area which is for the exclusive use of his Unit; and neither the Association nor the regime shall be liable or responsible for any loss or damage caused by theft or otherwise of articles which may be stored by the owner in a limited common area which is for the exclusive use of his Unit; and neither the Association nor the regime shall be liable or responsible for any loss or damage caused by theft or otherwise of articles which may be stored by the owner in a limited common area or in a Unit except for the repair specifically made the responsibility of the Association for damage caused to a Unit through its maintenance as provided in Section 2(b) of this Article.

(c) The Unit owner shall maintain, at his expense, any improvement or other alteration made by him.

(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.

4. Alteration or Improvements by Owner. No Unit owner shall make or permit to be made any

structural alteration to a Unit or to the building or any of the common elements, limited or general, without first obtaining written consent of the Board of Directors of the Association, which shall determine the proper insurance of such improvement or other alteration, and the effect of such improvement or alteration on insurance of other property of the regime, and which shall arrange with such Unit owner for the payment of the cost of any additional insurance thereby required. In the case of alterations within a Unit the consent required by the preceding sentence 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 or safety of the property. Alterations to the exterior of the building or common element shall not be made, if, in the opinion of the Board of Directors of the Association, such alteration would not become the integrity and appearance of the regime as a whole. Such owner shall do no act or work which will impair the structural soundness or integrity of the building or safety of the property or impair any easement. The improvement or alteration of a Unit shall cause no increase or decrease in the number of ownership Units appurtenant to such Unit.

5. Alterations or Improvements by the Association. Whenever in the judgment of the Board of Directors the common elements shall require additional alterations or improvements during the fiscal year costing in the aggregate in excess of \$5,000.00, and the making of such additions, alterations or improvements shall have been approved by a majority of the ownership Units, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit owners for the cost thereof as a common charge. Any additions, alterations, or improvements during the fiscal year costing in the aggregate \$5,000.00 or less may be made by the Board of Directors without approval of Unit owners, and the cost thereof shall constitute part of the common expenses.

ARTICLE IX.

CONDITIONS OF AND RESTRICTIONS ON OWNERSHIP USE, AND THE OWNERSHIP, USE, OCCUPATION, AND ENJOYMENT

1. Subjection of the Property to Certain Provisions. The ownership, use, occupation, and enjoyment of each Unit and of the common elements of the regime shall be subject to the provisions of the Bylaws and Articles of Incorporation of the Association, and this Declaration, all of which provisions irrespective of where set forth or classified shall have equal status and shall be enforceable and binding as a covenant, condition, restriction, or requirement running with the land and shall be binding on and enforceable against each and all Units and the owners thereof and their respective assigns, lessees, tenants, occupants, and successors in interest.
2. Use of Property. The use of the property shall be in accordance with and subject to the following provisions.
 - (a) A Unit shall be used or occupied for single family dwelling purposes only.
 - (b) An owner has the right to decorate windows bounding his Unit, however, this right is limited to the extent that only drapes, curtains, screens and shutters may be used which must be lined so that they appear white from the outside of the building. Nothing shall be hung between the interior surface of the window and the drapes, curtains, screens or shutters used.

- (c) The handling and conduct of permitted pets shall be subject to any rules and regulations adopted by the Association. All pets outside of a Unit must be on a leash and accompanied, at all times, by competent attendant.
- (d) The Association may adopt rules and regulations for the reservation and use of the recreation facilities.
- (e) 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.
- (f) No Unit owner may rent or lease his Unit without first obtaining the approval of the Board of Directors for such rental and such approval shall not be unreasonably withheld. All leases shall be in writing. The Board of Directors shall review both the terms of the lease and the proposed tenants. In no case shall a lease have an initial term of less than 30 days. Any application for approval to rent a Unit in the IOWA COTTAGES ON EAST shall be acted on by the Board within 30 days from written notice by the Unit owner of the proposed rental. Failure of the Board of Directors to act within 30 days from said written notice, shall be deemed approval of the proposed rental. The Association shall from time to time adopt objective standards relating to the terms, conditions, and suitability of tenants for the rental of Units in the IOWA COTTAGES ON EAST in the form of rules and regulations.
- (g) 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 owners or tenants. Owners and/or other tenants, shall exercise extreme care not to disturb other owners or tenants with excessive noise.
- (h) There shall be no obstruction of any common elements. Nothing shall be stored in 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 any general common element is strictly prohibited.
- (i) Except for such signs as may be posted by the Developer 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 requires possession of a Unit by foreclosure or by deed in lieu of foreclosure shall have the right to post signs for the sale or rental of such Unit until such Unit is sold or a rental is entered into.
- (j) No burning of any 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.
- (k) No structure of a temporary character, trailer, tent, shack, boat, or other recreational

vehicle shall be maintained upon any common elements at any time.

(l) No owner or other person shall install any electrical or telephone wire, television antenna, or other antenna, air-conditioning Unit, satellite dish or other machine or device on the exterior of the building.

(m) 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.

(n) 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 of refuse be allowed.

(o) 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 the prior written consent of the Association. No owner 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.

(p) 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.

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

(r) 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.

(s) Each Unit occupant shall keep his Unit and balcony or patio 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.

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

(u) 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.

3. The Association shall have the 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 X.

CONDEMNATION

Taking by 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 to be held in trust for the Unit owners and their first mortgage holders, as their interests may appear. Even though the awards may be payable to owners, the Unit owners shall deposit the awards with the Insurance Trustee. And, in the event of failure to do so, in the discretion of the Association a special assessment shall be made against a defaulting 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 owner. The proceeds of the award shall be distributed or used in a manner heretofore provided for insurance proceeds except that when the Horizontal Property 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 Tenable.** If the Unit taking reduces the size of the Unit, and the remaining portion of the Unit can be made tenable, the award for the taking of a portion of the Unit shall be used for the following purposes in order stated, and the following changes shall be effected in the Horizontal Property Regime:

- (i) The Unit shall be made tenable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owners of the condominium Unit.
- (ii) The balance of the award, if any, shall be distributed to the owner of the Unit and to each mortgagee of the Unit of record, 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 tenable, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Horizontal Property Regime:

- (i) The market value of such Unit immediately prior to the taking, up to the amount of the award, shall be paid to the owner of the Unit and to each mortgagee of the Unit of record, the remittance being payable jointly to the owner and the mortgagees.
- (ii) 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.
- (iii) 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 in 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 condominium Units after the changes in the Horizontal Property Regime 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 Code of Iowa.

(iv) If the amount of the award for the taking exceeds the amounts necessary to pay the market value of the condemned Unit to the owners as provided in sub-paragraph (i) above and to condition the remaining portion of the Unit for use as part of the common elements as provided in sub-paragraph (ii) above, the excess funds shall be payable to the owner of the condemned Unit.

(c) The Association shall thereafter have the right to file among the land records an amendment to this Declaration to incorporate all necessary changes.

ARTICLE XI.

DESTRUCTION; CASUALTY AND REPAIRS

1. In the event less than one-half of the entire project is damaged or destroyed by fire or other peril, it shall be deemed that the Association shall have immediately voted unanimously to repair, reconstruct or rebuild and the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications using the proceeds of insurance available for that purpose, if any. Provided, however, if 75% or more of the ownership Units within 20 days from such damage and destruction notify the Board of Directors in writing, requesting a vote of the Association members concerning the question of rebuilding, repairing or reconstructing the damage or destruction, the Association shall hold such meeting and shall commence such rebuilding, repairs or reconstruction unless 67% of Unit owners (other than the Developer) and the eligible holders of first mortgages on Units to which at least 67% of the votes on Units subject to mortgages appertain approve in writing the termination of the condominium regime.
2. In the event the proceeds of insurance are not sufficient to repair damage or if destruction is caused by any peril not herein required to be insured against, then the repair or reconstruction of the damaged common elements shall be accomplished promptly by the Association at its Common Expense and the repair or reconstruction of any condominium Unit shall be accomplished promptly by the Association at the expense of the owner of the affected condominium Unit. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities heretofore provided for in this Declaration and by the Bylaws of the Association.
3. In the event that one-half (1/2) or more of the entire project is substantially damaged or destroyed by fire or other casualty, it shall be deemed that the Association shall have immediately voted unanimously to repair, reconstruct, rebuild and the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications using the proceeds of insurance available for that purpose, unless Unit owners (other than the Developer) to which at least 67% of the votes in the Association are allocated and the eligible holders of first mortgages on Units to which at least 67% of the votes on Units subject to mortgages appertain approve in writing not proceeding with repair or reconstruction. In that event the project shall be deemed to be owned in common by the owners of all of the condominium Units in the same proportions as that previously established for

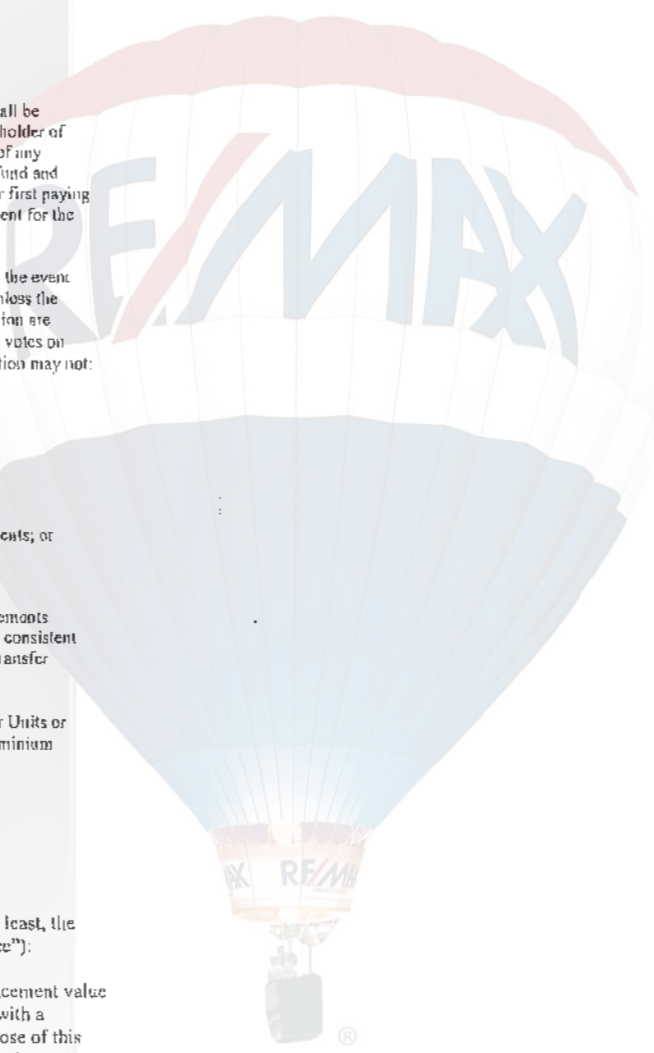
ownership of appurtenant undivided interests in the common elements, and the project shall be subject to an action for partition at the suit of the owner of any condominium Unit or the holder of any lien thereon, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Association or its members in common, shall be considered as one fund and shall be divided among the owners of all the condominium Units as herein provided, after first paying out of the share of the owner of any condominium Unit, to the extent such share is sufficient for the purpose, all liens upon such condominium Unit.

- 4. In addition to the limitation on termination of the condominium regime set forth above in the event of substantial loss to the Units and/or common elements of the condominium property, unless the Unit owners (other than the Developer) to which at least 67% of the votes in the Association are allocated and the eligible holders of first mortgages on Units to which at least 67% of the votes on Units subject to mortgages appertain have given their prior written approval, the Association may not:
 - (a) Change the pro rata interest or obligations of any Unit in order to:
 - (i) levy assessments or charges;
 - (ii) allocate distribution of hazard insurance proceeds or condemnation awards;
 - (iii) determine the pro rata share of ownership of each Unit in the common elements; or
 - (b) Partition or subordinate any Unit; or
 - (c) 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 not being a transfer within the meaning of this clause); or
 - (d) Use hazard insurance proceeds for losses to any condominium property (whether Units or common elements) for other than the repair, replacement, or reconstruction of the condominium property.

ARTICLE XII.

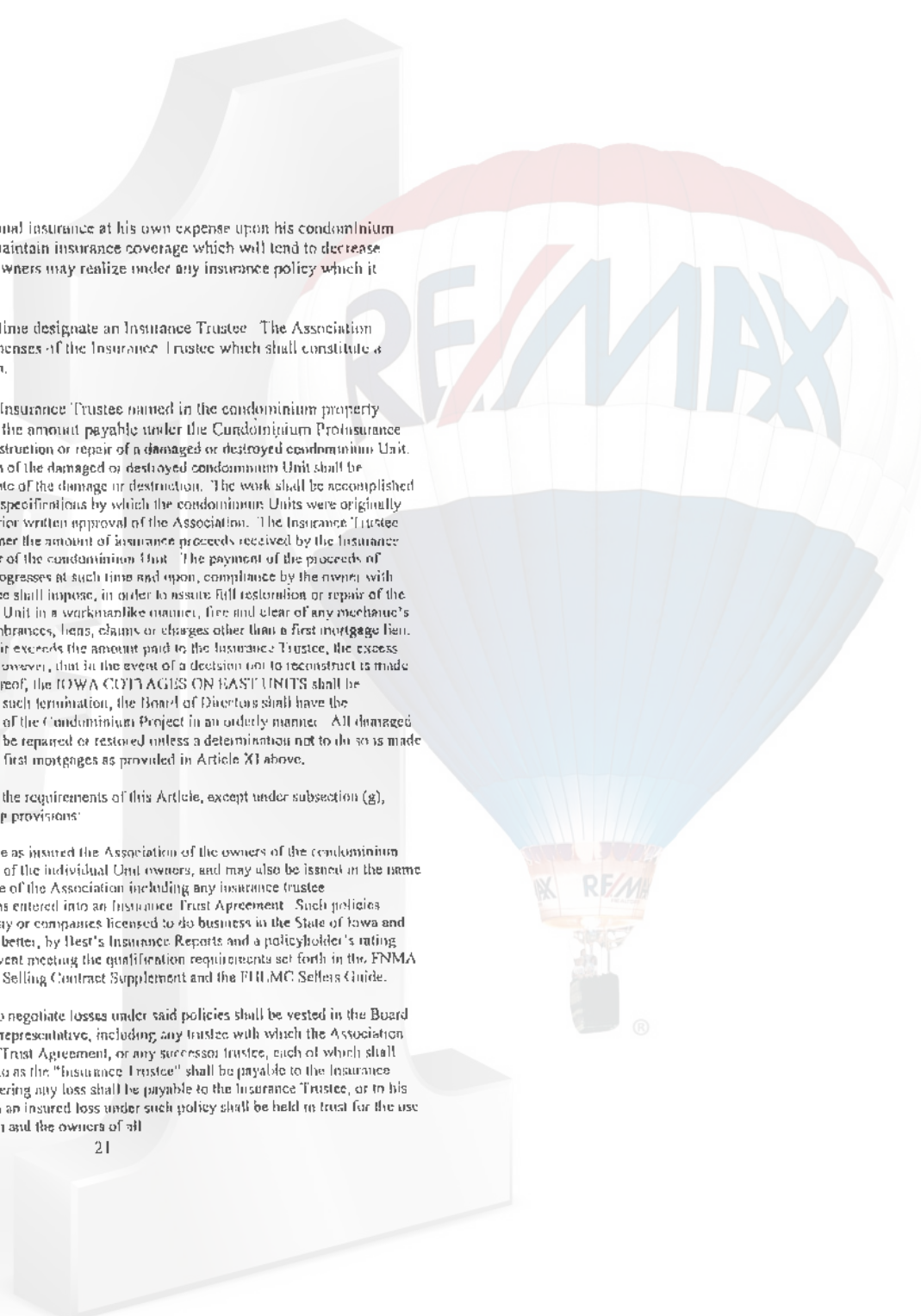
INSURANCE AND FIDELITY BONDS

- 1. The Association shall obtain and maintain at all times, to the extent available, at least, the following insurance (hereinafter referred to as "Condominium Property Insurance"):
 - (a) Insurance on the Condominium Property in an amount equal to full replacement value of the Condominium Property (as determined annually by the Association) and with a deduction or allowance for depreciation. "Condominium Property" for the purpose of this Article XII shall include all property, real, personal, or mixed submitted to the regime other than personal property of any owner, and includes specifically, without limitation, the general and limited common elements (except land, foundation, excavation, and other items normally excluded from coverage), building service equipment and supplies, and other



common personal property belonging to the Association. In addition, any fixtures, equipment or other personal property within the Unit which are to be financed by a mortgage to be purchased by FNMA or FHLMC (whether or not such property is part of the common elements) shall be covered by such insurance. Such coverage shall afford protection against, at least, 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, and as is commonly required by prudent institutional mortgage investors in the area, including, but not limited to, as applicable and available, vandalism, malicious mischief, agreed amount, demolition cost, increased cost of construction, and any other perils normally covered by the standard "all risk" endorsement when available and such other insurance as the Association may from time to time determine; and
- (b) Comprehensive general liability insurance coverage covering all of the common elements, commercial space owned and leased by the Association. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use. However, such coverage shall be for at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the common elements, and legal liability arising out of lawsuits related to employment contracts of the Association.
- (c) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and
- (d) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Association.
2. The premiums for the insurance coverage shall be a common expense to be paid by monthly assessments levied by the Association against owners of each of the Units. The premiums attributable to coverage on the condominium Units and the Common Elements shall be apportioned among the Units. Deductibles may not exceed the lower of \$10,000.00 or 1% of the applicable amount of coverage. Funds for such deductibles must be included in the Association's reserves and be so designated.
 3. The Association, or its designee, shall have the exclusive authority to adjust losses under the insurance policies.
 4. In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by owners of Units or their mortgagees.

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5. Each Unit owner may obtain additional insurance at his own expense upon his condominium Unit provided that no owner shall maintain insurance coverage which will tend to decrease the amount which the Association owners may realize under any insurance policy which it may have in force.
6. The Association shall 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 of the Association.
7. Except as hereinafter provided, the Insurance Trustee named in the condominium property endorsement shall receive and hold the amount payable under the Condominium Property insurance and apply the same to the cost of reconstruction or repair of a damaged or destroyed condominium Unit. The work of repairing or reconstruction of the damaged or destroyed condominium Unit shall be commenced within 30 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 condominium Units were originally constructed, subject, however, to the prior written approval of the Association. The Insurance Trustee shall make available and pay to the owner the amount of insurance proceeds received by the Insurance Trustee for the reconstruction and repair of the condominium 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 Insurance Trustee shall impose, in order to assure full restoration or repair of the damaged portions of the condominium Unit in a workmanlike manner, free and clear of any mechanic's and materialmen's liens and any encumbrances, liens, claims or charges other than a first mortgage lien. If the cost of the reconstruction or repair exceeds the amount paid to the Insurance Trustee, the excess shall be paid by the owner; provided, however, that in the event of a decision not to reconstruct as made according to the terms of Article XI hereof, the IOWA CONDOMINIUM EAST UNITS shall be considered terminated. In the event of such termination, the Board of Directors shall have the responsibility of closing out the affairs of the Condominium Project in an orderly manner. All damaged or destroyed condominium Units must be repaired or restored unless a determination not to do so is made by Unit owners and eligible holders of first mortgages as provided in Article XI above.
8. Any insurance obtained pursuant to the requirements of this Article, except under subsection (g), hereof, shall be subject to the following provisions:
- (a) All policies shall name as insured the Association of the owners of the condominium regime for the use and benefit of the individual Unit owners, and may also be issued in the name of an authorized representative of the Association including any insurance trustee with whom the Association has entered into an Insurance Trust Agreement. Such policies shall be written with a company or companies licensed to do business in the State of Iowa and holding a rating of "A-XI" or better, by Best's Insurance Reports and a policyholder's rating of "A" or better, and in any event meeting the qualification requirements set forth in the FNMA Correctional Home Mortgage Selling Contract Supplement and the PH.M.C. Sellers Guide.
- (b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors 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" shall be payable to the Insurance Trustee, and all proceeds covering any loss shall be payable to the Insurance Trustee, or to his successor. All proceeds from an insured loss under such policy shall be held in trust for the use and benefit of the Association and the owners of all

Units and their respective first mortgagees as interest may appear. Each Unit owner and each Unit owner's first mortgagee, if any, shall be beneficiaries of such policies according to the respective Unit's undivided ownership interest in the common elements. Such insurance proceeds shall be applied and distributed in accordance with the articles relating to insurance in the Declaration and Bylaws.

- (c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance issued in the name of any individual Unit owner purchased as herein permitted by such owner of a condominium Unit or their mortgagee. Any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.
- (d) All policies shall provide that such policies may not be canceled without at least 10 days prior written notice to any and all insureds named thereon. Policies are unacceptable where:
- (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions, or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC, or if made against any other party could become a lien on the mortgaged property superior to the outstanding liens on
 - (ii) by the terms of the carrier's charter, by-laws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or
 - (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.
- (e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, their agents and employees, the respective condominium Unit owners, their residence employees and agents. Independent contractors shall not be considered agents, employees or servants of the Association or of the respective condominium Unit owners within the meaning of said waiver.
- (f) 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 of the building when such act or neglect is not within the control of the condominium Unit owners collectively; or
 - (ii) By failure of the condominium Unit owners collectively, to comply with any warranty or condition with regard to any portion of the premises over which the condominium Unit owners collectively have no control.
- (g) The owner of any condominium Unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "condominium Unit owner's endorsement" for improvements and betterments to the condominium Unit made or acquired at the expense of the owner) at his own expense. Such insurance shall be written either by the same carrier as that 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 provisions as set forth in Section 8(e) of this Article. The Developer recommends that each owner of a condominium Unit at the project obtain, in

in addition to the insurance hereinabove provided to be obtained by the Association, a "Tenant's Policy", or equivalent, to insure against loss or damage to personal property, including but not limited to decorated surfaces of walls, floor coverings, plumbing and electrical fixtures, non-load bearing walls and appliances used or incidental to the occupancy of the condominium Unit, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium Unit owner's endorsement" covering losses to improvements and betterments to the condominium Unit made or acquired at the expense of the owner.

(h) Certificate of insurance shall be issued to each Unit owner and mortgagee upon request in a form acceptable to the mortgagee. Specimen policies shall be provided to any mortgagee upon request.

(i) Casualty policies shall contain the standard mortgagee clause (without contribution) as is commonly accepted by private institutional mortgage lenders in the area and which appropriately names FNMA and FHL MC if such corporations are holders of first mortgages on Units within the condominium regime. If FHL MC owns the first mortgage on a Unit, the seller/servicer of the mortgage and its successors and assigns shall be named and the mortgagee on the mortgagee clause.

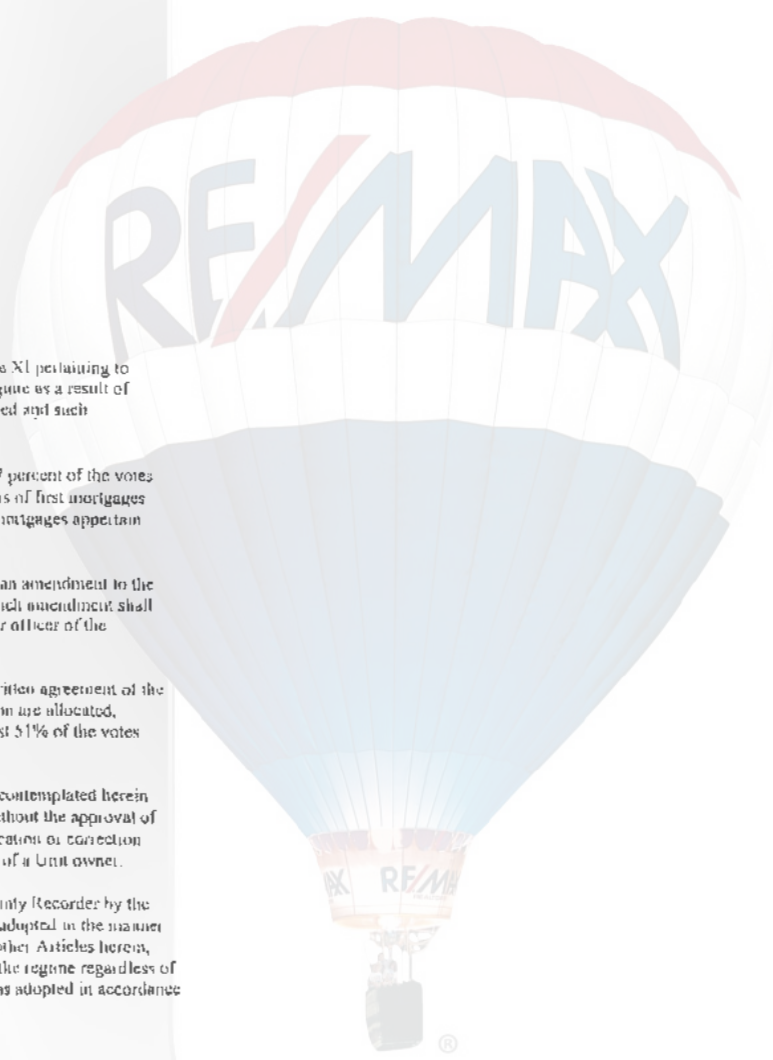
(j) Casualty policies shall also include an "Agreed Amount Endorsement," and if available, an "Inflation Guard Endorsement."

9. Blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association. Where the management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall be paid by the Association as a common expense. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premiums) without at least ten days' prior written notice to the Association or Insurance Trustee. The Federal National Mortgage Association also requires, as a condition to approval of condominium projects, that such bonds provide that the FNMA Services, on behalf of FNMA, also receive such notice of cancellation or modification.

ARTICLE XIII
AMENDMENTS

1. **Procedure.** Except as otherwise provided in this Declaration in Article XI pertaining to amendment to this Declaration or termination of the condominium regime as a result of destruction, damage or condemnation, this Declaration may be amended and such amendment shall be made in the following manner:
 - (a) The consent in writing of owners of Units to which at least 67 percent of the votes in the Association are allocated and the approval of the eligible holders of first mortgages on Units to which at least 67 percent of the votes of Units subject to mortgages appertain shall be required to terminate the condominium regime.
 - (b) In the case of an amendment to this Declaration, by reason of an amendment to the Bylaws of the Association, in the manner specified in such Bylaws, such amendment shall be effective upon its execution and recording by the President or other officer of the Association, authorized therefore by Resolution.
 - (c) In the case of all other amendments to this Declaration, by written agreement of the Unit owners to which at least 67 percent of the votes in the Association are allocated, provided eligible holders of a first mortgage of record to which at least 51% of the votes of Units subject to a mortgage appertain so approve in writing.
 - (d) Developer may, until all phases of the condominium regime contemplated herein have been completed, make minor amendments to this declaration without the approval of the Unit owners. Such amendment shall be for the purpose of clarification or correction of errors in the Declaration and shall not affect the substantive rights of a Unit owner.

2. **Effectiveness.** Upon its recording at the Office of the Dickinson County Recorder by the President or other officer appointed for that purpose, an amendment adopted in the manner specified in Paragraph 1 of this Article, or as otherwise provided in other Articles herein, shall be effective against any persons having an interest in a Unit or the regime regardless of whether said person had such interest at the time said amendment was adopted in accordance with Paragraph 1 of this Article.



3. Ownership Units. No amendment shall change the number of ownership Units appurtenant to a Unit, nor the share of the common elements appurtenant to it, nor increase the owner's share of the common expense, unless the record owner of the Unit concerned and all owners of the mortgages thereon shall affirmatively join in the adoption of such amendment.

No amendment shall change or affect the provisions of this paragraph 3 of this Article.

IN WITNESS WHEREOF, we have hereunto set our hands this 28th day of August 2009

Three Seas Realty II, LLC

By _____

John V. Harker, Managing Member

STATE OF ~~Iowa~~ ^{nebraska}
 COUNTY OF Lanester

On this 28th day of August, 2009, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared John V. Harker, to me personally known, who being by me duly sworn, did say that he is a manager of Three Seas Realty II, LLC, executing the within and foregoing instrument; that said instrument was signed on behalf of the LLC, and that John V. Harker, as managing member, acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the LLC, by it and by him voluntarily executed.

Kayla Koehn

Notary Public in and for said County and State

IN WITNESS WHEREOF, we have hereunto set our hands this 28th day of August 2009

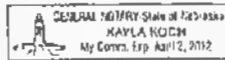


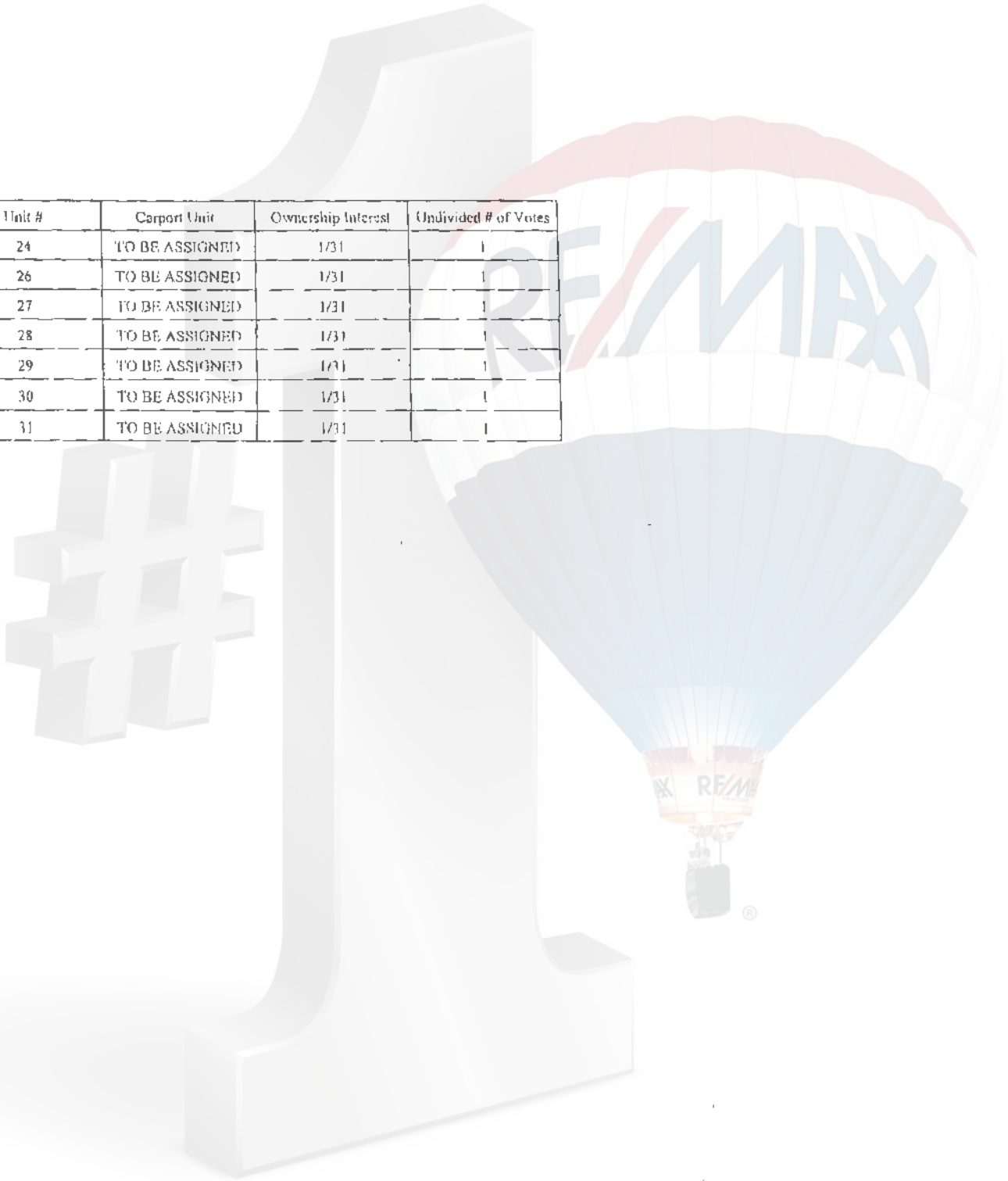
EXHIBIT C
IOWA COTTAGES ON EAST
UNDIVIDED OWNERSHIP INTEREST AND VOTES

Unit #	Corpor Unit #	Ownership Interest	Undivided # of Votes
1	TO BE ASSIGNED	1/31	1
2	TO BE ASSIGNED	1/31	1
3	TO BE ASSIGNED	1/31	1
4	TO BE ASSIGNED	1/31	1
5	TO BE ASSIGNED	1/31	1
6	TO BE ASSIGNED	1/31	1
7	TO BE ASSIGNED	1/31	1
8	TO BE ASSIGNED	1/31	1
9	TO BE ASSIGNED	1/31	1
10	TO BE ASSIGNED	1/31	1
11	TO BE ASSIGNED	1/31	1
12	TO BE ASSIGNED	1/31	1
13	TO BE ASSIGNED	1/31	1
14	TO BE ASSIGNED	1/31	1
15	TO BE ASSIGNED	1/31	1
16	TO BE ASSIGNED	1/31	1
17	TO BE ASSIGNED	1/31	1
18	TO BE ASSIGNED	1/31	1
19	TO BE ASSIGNED	1/31	1
20	TO BE ASSIGNED	1/31	1
21	TO BE ASSIGNED	1/31	1
22	TO BE ASSIGNED	1/31	1
23	TO BE ASSIGNED	1/31	1

EXHIBIT

c.

Unit #	Corport Unit	Ownership Interest	Undivided # of Votes
24	TO BE ASSIGNED	1/31	1
26	TO BE ASSIGNED	1/31	1
27	TO BE ASSIGNED	1/31	1
28	TO BE ASSIGNED	1/31	1
29	TO BE ASSIGNED	1/31	1
30	TO BE ASSIGNED	1/31	1
31	TO BE ASSIGNED	1/31	1



ARTICLES OF INCORPORATION
OF
IOWA COTTAGES ON EAST OWNERS ASSOCIATION, INC.

The undersigned, acting as incorporator of a corporation pursuant to the provisions of the Revised Iowa Nonprofit Corporation Act, under Chapter 504.101 of the Code of Iowa, adopts the following Articles of Incorporation for such corporation:

ARTICLE I

The Corporation shall be known as Iowa Cottages on East Owners Association, Inc., and its initial principal office shall be located at 2541 West Claire Avenue, Lincoln, NE 68523.

ARTICLE II

The existence of this Corporation shall commence with the date these Articles are filed with the Secretary of State, and the period of its duration is perpetual.

ARTICLE III

A. The purpose and objectives of the Corporation are to provide for an entity to act as a "Condominium Management Association" within the meaning of the Internal Revenue Code to conduct the business and affairs of, and to act as or for, the Co-Owners of that horizontal property regime (condominium) created and submitted, pursuant to the provisions of Chapter 499B of the Code of Iowa, known as the Iowa Cottages on East, (hereinafter sometimes referred to as "regime") and to be located on the real estate situated in Dickinson County, Iowa, described as follows:

Lot A, except the South 87 feet thereof, all of Lot B, and the South 2 1/4 rods of Lot C; all in Auditor's Plat of Government Lot 5, Section 20, Township 99, Range 36, West of the 5th P.M., in the City of Arnolds Park, Dickinson County, Iowa.

SAID TRACT OF LAND SUBJECT TO ALL EASEMENTS OF RECORD

- B. The Corporation shall have all powers and purposes granted or implied to a council of Co-Owners under the provisions of Chapter 499B of the Code of Iowa and as are granted or implied by the Declaration of Condominium establishing said Condominium Regime, and all of such powers shall constitute lawful purposes of the Corporation
- C. The purposes of the Corporation are exclusively not for private profit or gain and no part of its activities shall consist of carrying on political propaganda or otherwise attempting to influence legislation, and the Corporation shall make no distribution of income to its members, director or officers,
- D. The Corporation shall have unlimited power to engage in and do any lawful act concerning any and all lawful businesses for which corporations may be organized under this Act and consistent with the provisions herein.

exclusively for the attainment of the purposes of the corporation as set forth in this Article.

ARTICLE IV

The address of its initial office of the Corporation is 2541 West Claire Avenue, Lincoln, NE 68523. The street address of the corporation's initial registered office in Iowa and the name of its initial registered agent is: _____

ARTICLE V

The members of this Corporation shall be those persons described as members in the Bylaws of the Corporation. The voting rights of the members shall be as provided in the Declaration of Condominium and the Bylaws of the Corporation.

ARTICLE VI

The number of directors constituting the initial Board of Directors of the Corporation is One (1). The name and address of the person who is to serve as the initial director is:

Name	Address
John V. Harker	2541 West Claire Avenue, Lincoln, NE 68523

The terms of office of the initial Board of Directors shall be until successor Directors shall have been elected and shall have qualified. Until the terms of the initial Board of Directors expires, they shall be subject to removal only by John V. Hatka as provided in the Declaration and Bylaws. Thereafter, a Director may be removed from office at a special meeting of the members of the Corporation in such manner as may be provided in the Bylaws. Persons other than members of the Corporation may be members of the Board of Directors.

ARTICLE VII

The initial Bylaws of the Corporation and amendments thereto shall be adopted by its initial Board of Directors, but the power to thereafter alter, amend or repeal the same or adopt new Bylaws is reserved to the members of the Corporation, subject to the restrictions contained in the initial Bylaws and amendments thereto and the restrictions contained in the Declaration.

ARTICLE VIII

In the event of liquidation, assets of the Corporation, if any remain, shall be distributed to the members in accordance with their proportionate share (if undivided interests in the common elements existing in the Condominium Regime, as determined by the Declaration and the Bylaws)

ARTICLE IX

All transfers, conveyances, leases, mortgages, or assignments of real estate or of any interest therein on behalf of this Corporation shall be executed by any two of the following officers: President or Vice President and Secretary or Treasurer; except, however, that all transfers, conveyances, leases, mortgages or assignments of real estate or of any interest therein on behalf of this Corporation shall be executed by only the Developer, until such time as all units in this condominium regime are sold or transferred by the Developer. All transfers, conveyances, leases or encumbrances of personal property or any interest therein shall be executed by any officer of this Corporation or any agent authorized by the Board of Directors; except, however, that all transfers, conveyances, leases or encumbrances of personal property or any interest therein shall be executed by only the Developer, until such time as all units in this condominium regime are sold or transferred by the Developer. All judgments or other liens shall be satisfied, discharged, released or assigned by any officer of the Corporation.

ARTICLE X

Neither the members, the Board of Directors, nor their private property shall be liable for corporate debts, obligations or undertakings.

ARTICLE XI

This Corporation shall indemnify any present or former director, officer, employee, member or volunteer of this Corporation, and each such person who is serving or who has served at the request of this Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan to the fullest extent possible against expenses, including attorney fees, judgments, fines, settlements and reasonable expenses, actually incurred by such person relating to his/her conduct as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, except that the mandatory indemnification required by this sentence shall not apply (i) to a breach of the duty of loyalty to the Corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or (iii) for a transaction from which such person derived an improper person benefit.

ARTICLE XII

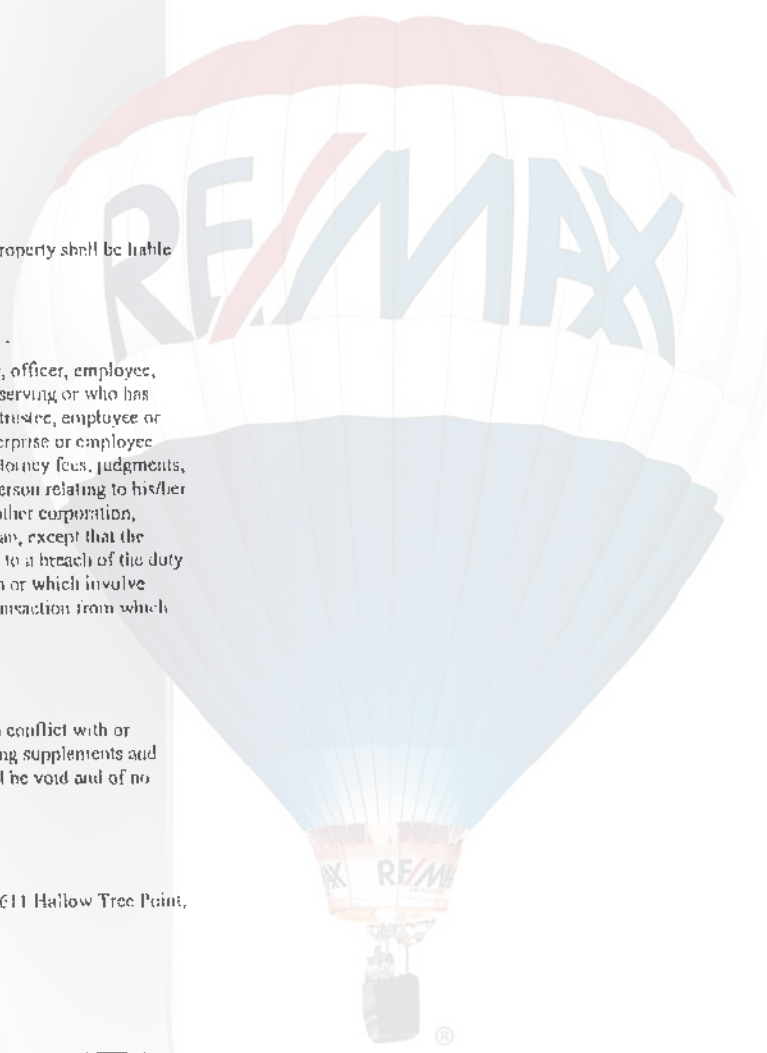
Any purported amendment to these Articles of Incorporation in conflict with or contrary to the provisions of the Declaration of Condominium, including supplements and amendments thereto, which submit lands and Units to the regime, shall be void and of no force and effect.

ARTICLE XIII

The name and address of the incorporator is John V. Harker, 9611 Hallow Tree Point, Lincoln, NE 68512

Dated on this _____ day of _____, 2009

John V. Harker, Incorporator



Prepared by: Jabu M. Mlambo, 872 Lake Street, Spirit Lake, IA 51260, 712-226 2900
 BY-LAWS

OF
 IOWA COTTAGES ON EAST OWNERS ASSOCIATION, INC.

ARTICLE I
 NAME AND LOCATION

The name of the corporation is Iowa Cottages on East Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2541 West Clark Avenue, Lincoln, NE 68523, but meetings of members and Directors may be held at such places within the State of Iowa, County of Dickinson, as may be designated by the Board of Directors.

ARTICLE II
 DEFINITIONS

Terms used in these Bylaws shall have the same meaning as in the Association Articles of Incorporation and the Declaration of Covenants, Conditions, Assessments and Restrictions for Iowa Cottages on East (hereinafter "Declaration").

ARTICLE III
 MEETING OF MEMBERS

Section 1. Annual Meeting. Annual Meeting. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday.

Section 2. Special Meeting. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-half (1/2) of all the votes of the membership, or upon written request of the Developer.

Section 3. Notice of Meeting. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote, addressed to the member's address last appearing in the books of Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of the membership shall constitute a quorum.

EXHIBIT

for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, the required quorum is not forthcoming at any such meeting, another meeting may be called subject to the notice requirements herein and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting, provided such subsequent meeting shall be held thirty (30) days following such preceding meeting.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon cancellation by the member of his/her/its lot.

ARTICLE IV BOARD OF DIRECTORS, SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than one (1) nor more than six (6) Directors, who shall be members of the Association.

Section 2. Term of Office. At each annual meeting the members entitled to vote shall elect two (2) of the six (6) Directors for a period of two (2) years on a rotating basis.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual pre-approved expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting by the Directors.

ARTICLE V. NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among members of the Association.

Section 2. Election. Election to the Board of Directors shall be by secretary written ballot. At such election, the members or their proxies may cast, in respect to such vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day, which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Area facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use of the common facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to their membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;
- (d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by two-thirds (2/3) of the members who are entitled to vote;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;



(c) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period.

(d) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

(e) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the date of bringing an action at law against the owner personally obligated to pay the same.

(f) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(g) Procure and maintain fire, theft liability and hazard insurance on property owned by the Association.

(h) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(i) Cause the Common Area and the Association Responsibility Elements to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Constitutional Officers. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of office or his/her replaces.

Section 7. Duties. The duties of the officers are as follows:

- (a) **President.** The president shall preside at all meetings of the Board of Directors and shall see that orders and resolutions of the Board are carried out.
- (b) **Vice President.** The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) **Secretary.** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board.
- (d) **Treasurer.** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy to each of the members.

**ARTICLE IX
COMMITTEES**

The Board of Directors may appoint such committees as it deems appropriate in carrying out its purpose.

**ARTICLE X
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 be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XI
ASSESSMENTS**

As more fully provided in the Declaration, each member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date the assessment shall bear interest from the date of delinquency at the rate of twelve (12) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the assessment. The costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by failure to pay the same or abandonment of his/her unit.

**ARTICLE XII
CORPORATE SEAL**

The Association shall not have a seal.

**ARTICLE XIII
AMENDMENTS**

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of the total votes eligible.

Section 2. 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 a Declaration and these Bylaws, a Declaration shall control.

**ARTICLE XIV
MISCELLANEOUS**

Section 1. Swimming Pool. The swimming pool (as shown on the attached Site Plan) and appurtenances thereto are common elements to be owned, operated, controlled, and maintained by the Association. The Association shall establish rules and regulations for usage of said swimming pool. In accordance with Iowa Code Section 133.2, the swimming pool is exempt from the requirements of Iowa Code Chapter 135I and the Iowa Administrative Code, Section 641, Chapter 15, as the Association has fewer than 72 units and the Association has elected to have the swimming pool inspected at least annually by a certified operator (as defined in 641 IAC 15.3(1)). The report of the inspection of the swimming pool by the certified operator (as defined in 641 IAC 15.3(1)), shall be filed with the Secretary of the Association and shall be available to any Association member on request. The Association shall assume full liability for the operation of the swimming pool and shall purchase liability insurance therefor.

IN WITNESS WHEREOF, I, being the sole initial Director of Iowa Cottages on East Owners Association, Inc., have hereunto set my hand this ___ day of ___, 2009.

John V. Parker, Initial Director

CERTIFICATION

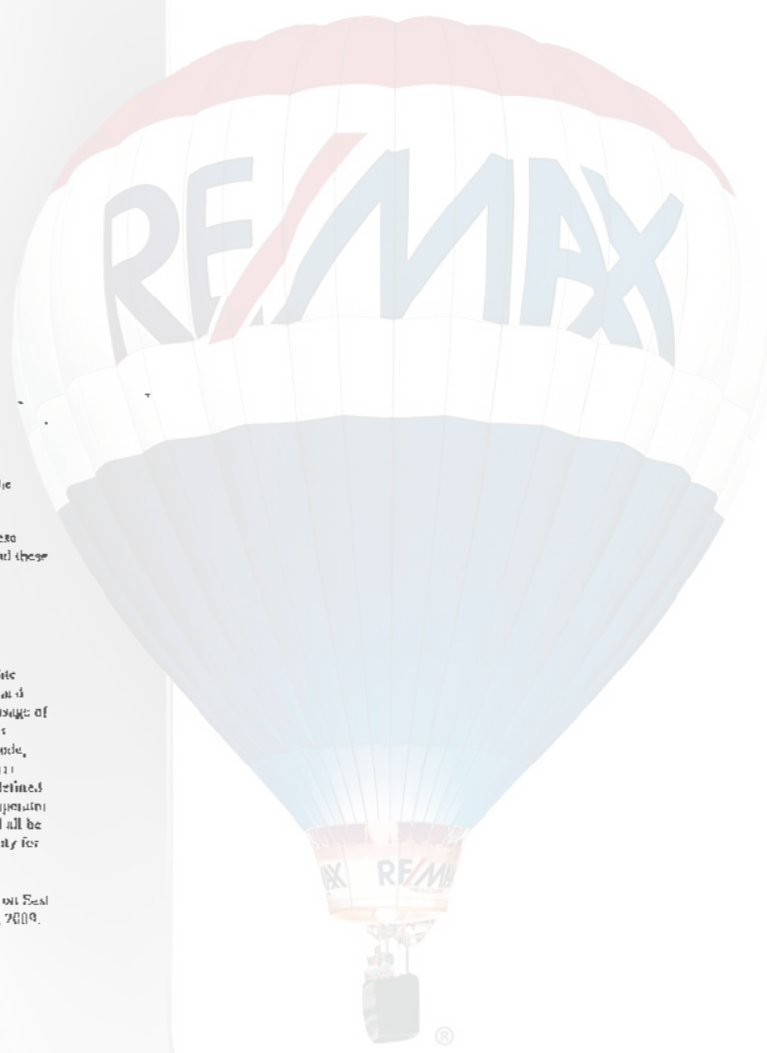
I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Initial Director of Iowa Cottages on East Owners Association, Inc., an Iowa corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association as duly adopted at a meeting of the Board of Directors thereof, held on the ___ day of August, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ___ day of August, 2009.

John V. Parker, Initial Director



Prepared by: Barry Shaw Sackett, PO Box, Milford, IA 51351
Address Tax Statement: Receiver, Barry S. Sackett, P.O. Box 128, Milford, IA 51351
Return Document To: Barry Sackett, P.O. Box 128, Milford, IA 51351

**FIRST AMENDMENT TO DECLARATION OF SUBMISSION OF PROPERTY TO
HORIZONTAL PROPERTY REGIME FORE IOWA COTTAGES ON EAST**

Three Seas Realty, II, LLC represented by Barry Sackett as Receiver appointed by The District Court of Iowa under Order Appointing Receiver and with Regard to other Matters, filed October 11, 2010, (the "Developer"), and Randy J. Martin, the fee owner of Unit #4, of Iowa Cottages on East, and Tracey D. Rowe and Timothy T. Mozak, fee owners of Unit #1, Iowa Cottages on East the only owners of a Units other than the Developer and hereby executes this, **AMENDMENT TO DECLARATION OF SUBMISSION OF PROPERTY TO HORIZONTAL PROPERTY REGIME FOR IOWA COTTAGES ON EAST** (the "Amendment"), to amend certain terms and provisions of the DECLARATION OF SUBMISSION OF PROPERTY TO HORIZONTAL PROPERTY REGIME FORE IOWA COTTAGES ON EAST, filed on September 1, 2009 as Instrument No. 09-05684 (the "Declaration"):

1. **Amendments to Article I.** Article I, Section 2, Section 6 Section 10 are hereby amended and restated in their entirety as follows:

Article I, Section 2. Building. The term "Building" means each of the cabin-style buildings, the location of which is depicted on Exhibit "A" attached hereto and the dimensions of which are depicted on "Exhibit "B" attached hereto, which are or are to be located on the Land.

Article I, Section 6. General Common Elements. The term general common elements means and is described as all portions of the property not located within any Unit except such portions of the property which are defined or reserved as limited common elements, and the term also includes but is not limited to the Land, access drives, access walkways, pool, outside parking, sidewalks, landscaping, plantings and pertinent equipment and furnishings.

All sewer, water, electrical, gas, telephone and other utility or service lines, wiring, ducts, conduits, and piping located outside of any Unit or which serve more than one Unit are general common elements notwithstanding the same are located in part within a Unit.

Article I, Section 10. Unit. Each Unit shall consist of the applicable Building and except as otherwise provided herein, each Unit includes the entire interior and exterior of the Building that comprises such Unit, including, the concrete slab and the foundation upon which such Unit is situated, the patios and balconies that are attached to the Building, and the Carport Unit allocated to such Unit, except that all lines, wires, ducts and the like which serve more than one Unit, shall have an undivided interest with the Unit or Units sharing the service. A Unit with a common wall shall have an undivided interest in the common wall with the adjoining Unit or Units.

2. **Amendments to Article III.** Article III, Section 1 is hereby amended and restated in its entirety as follows:

Article III, Section 1. Exclusive Ownership of Unit. Each Owner shall be entitled to exclusive ownership and possession of its Unit and carport unit.

3. **Amendments to Article IV.** Article IV, Section 2 and Section 3 are hereby amended and restated in their entirety as follows:

Article IV, Section 2. Reservation. The limited common element consisting of the portion of the walkways in accessing the individual Units, which exclusively serve each Unit (herein "Exclusive Walkway"), are reserved as a limited common element for the exclusive use of each respective Unit.

Article IV, Section 3. Maintenance. The cost of maintenance and repair of any balcony or patio shall be the expense of the Unit as owner thereof. The cost of maintenance and repair of an Exclusive Walkway shall be assessed against the Unit served.

4. **Amendments to Article VIII.** Article VIII, Section 3(a) is hereby amended and restated in their entirety as follows:

Article VIII, Section 3(a). Maintenance. Each Unit owner at its own expense shall maintain the interior and exterior of each Unit and Carport and shall keep such Units and Carports in a clean and sanitary condition, shall do all redecorating, painting (in colors and textures approved by the Association) and other finishing which may at any time be necessary to maintain their Unit, and shall be responsible for the maintenance of all personality including carpets, furnishing, and appliances within such Unit.

5. **Amendments to Article IX.** Article IX, Section 2(r) is hereby amended and restated in its entirety as follows:

Article IX, Section 2(r). Alteration and repair of the exterior of any Unit is the responsibility of the Unit Owner; provided, however, that no work of any kind is to

be done upon the exterior walls of the Unit without first obtaining approval and coordinating with the Association.

6. **Amendments to Article XII.** Article XII, Section 1(a), Section 2, Section 5, Section 6, and Section 7 are hereby amended and restated in their entirety as follows:

Article XII, Section 1(a). Insurance on the Condominium Property in an amount equal to full replacement value of the Condominium Property (as determined annually by the Association) and with a deduction of allowance for depreciation. "Condominium Property" for the purpose of this Article XII shall include all property, real, personal, or mixed submitted to the regime other than the Units, personal property of any owner, and includes specifically, without limitation, the general and limited common elements (except land foundation, excavation, and other items normally excluded from coverage), building service equipment and supplies, and other common personal property belonging to the Association. Such coverage shall afford protection against, at least, 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, and as is commonly required by prudent institutional mortgage investors in the area, including, but not limited to, as applicable and available, vandalism, malicious mischief, agreed amount, demolition cost, increased cost of construction, and any other perils normally covered by the standard "all risk" endorsement when available and such other insurance as the Association may from time to time determine; and

Article XII, Section 2. The premiums for the insurance coverage shall be a common expense to be paid by monthly assessments levied by the Association against owners of each of the Units. The premiums attributable to coverage on the Common Elements shall be apportioned among the Units. Deductibles may not exceed the lower of \$10,000.00 or 1% of the applicable amount of coverage. Funds for such deductibles must be included in the Association's reserves and be so designated.

Article XII, Section 5. Each Unit Owner shall obtain insurance at its own expense upon its Unit for the full replacement value of such Unit. Any insurance policy obtained by an Owner shall provide that it shall be without contribution as against the insurance maintained by the Association. Such insurance shall contain the same waiver of subrogation provisions as set forth in Article XII, Section 8(e) below. The Developer recommends that each owner of a condominium Unit in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Tenant's Policy", or equivalent, to insure against loss or damage to personal property, including but not limited to decorated surfaces of walls, floor coverings, plumbing and electrical fixtures, non-load bearing walls and appliances used or incidental to the occupancy of the condominium Unit, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium Unit owner's endorsement" covering losses to improvements and betterments to the condominium Unit made or acquired at the expense of the owner.

In the event all or any portion of an individual Unit is destroyed, the Owner shall, within thirty (30) days thereafter, elect whether to repair and/or reconstruct the Unit, and the Owner shall notify the Association of Owner's election. In the event Owner elects to repair and/or reconstruct the Unit, Owner shall commence such work promptly and shall complete the same with reasonable diligence. Repair and/or reconstruction of such Unit means restoring the insured Unit to substantially the same condition in which it existed prior to the fire or other disaster. Any modification to the exterior of the Unit as a result of such reconstruction must be approved by the Association in accordance with the terms hereof. In the event the Owner elects not to repair and/or reconstruct the Unit, the Owner shall promptly take reasonable actions to ensure that such Unit does not constitute a hazardous or dangerous condition to other persons or improvements in the condominium regime and shall have such Unit demolished and all debris from such demolition removed from the Property within six (6) months from the date of destruction and any excavations properly refilled and compacted with clean fill to match adjacent grades.

Article XII, Section 6. 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 of the Association.

Article XII, Section 7. In the event all or any portion of the Condominium Property is destroyed, the Association or the Insurance Trustee, as applicable, shall promptly commence repair and/or reconstruction of such Condominium Property and shall complete the same with reasonable diligence. Repair and/or reconstruction of such Condominium Property means restoring it to substantially the same condition in which it existed prior to the fire or other disaster.

7. **Amendment to Article XII, Section 8.** The first sentence of Article XII, Section 8 is hereby amended and restated in its entirety as follows:

Article XII, Section 8. Any insurance obtained by the Association pursuant to the requirements of this Article hereof, shall be subject to the following provisions:

8. **Amendment to Article XII, Section 8(g).** Article XII, Section 8(g) is hereby deleted in its entirety.

9. **Miscellaneous.** Except as specifically amended above, the Declaration shall remain in full force and effect and is hereby ratified and confirmed. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Iowa, without regard to its principles of conflict laws.

-no further text on this page-

Three Seas Realty II, L.L.C.

Barry S. Sackett, Receiver Appointed by Order of the Iowa District Court

STATE OF IOWA }
 } ss:
COUNTY OF DICKINSON }

On the ____ day of February, 2011 before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Barry S. Sackett, Receiver of Three Seas Realty II, L.L.C. to me known to be the person named in and who executed the foregoing instrument, and acknowledged that he executed same as his voluntary act and deed.

Notary Public

