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DECLARATION OF ESTABLISHMENT
OF
A HORIZONTAL PROPERTY REGIME (CONDOMINIUM)
TO BE KNOWN AS
THE WILLOWS

The undersigned, William Dean Eich and Mary Jean Eich, husband and wife, owners and Developers of the real property hereinafter described, hereby submit said property to a Horizontal Property Regime pursuant to the provisions of Chapter 499B, Code of Iowa (2003). In compliance with Sections 499B.3 and 499B.4, Code of Iowa (2003), the following declarations are made:

1. The description of the land submitted to this Horizontal Property Regime is Lots 165, 166 and 167, Francis Sites, City of Spirit Lake, Dickinson County, Iowa.
2. This Declaration consists of two residential buildings containing two units each for a total of four units. The buildings are four story buildings. The principal materials of which the units are constructed are as follows: foundation, concrete; floors on lower level, concrete; floors on second, third and fourth level, wood; walls, wood frame construction; roofing, wood frame construction with asphalt shingles. The Declaration also consists of a four unit garage building and swimming pool on Lot 166. The garage unit principal materials are: foundation and floor, concrete; frame, wood; roofing, rubberized membrane. For further particulars, see the plans filed herewith.

3. Units are numbered consecutively from the west. The two buildings are side by side and face northerly toward East Okoboji Lake. The top unit of the westerly building is Unit 16458, the lower unit of the westerly building is Unit 16460, the top unit of the easterly building is Unit 16462 and the lower unit of the easterly building is Unit 16464. The numbering system corresponds with the address of the units.

All units have attached two-car garages. The approximate area of the units, the number of rooms contained in the units, and the common area to which each unit has immediate access is shown on the drawings filed herewith, which by this reference are incorporated herein.

Garage units on Lot 166 are assigned and appurtenant to the residential unit with the corresponding number. For further information see the site plan filed herewith.

4. Ownership of each unit includes ownership of an undivided one-fourth (1/4) interest in all general common elements and facilities described herein. The general common elements and facilities shall be owned by the individual unit owners as tenants in common and shall consist of the land on which the buildings are erected; the foundation of the buildings; floors, exterior walls, and roofs of the units and of the buildings (except the interior surfaces and except the partition walls within each individual unit); the lawn, landscaping, shrubbery and general improvements to the grounds; swimming pool; dock; outside electric lighting; wires, conduit and other public utility lines; outside electrical wiring; plumbing except fixtures; mechanical systems; natural gas, sanitary sewer, water and other service lines, easements and all other devices or installations existing for common use and defined as general common elements by Section 499B.2(5), Code of Iowa (2003).

The general common elements and facilities shall not include, and the owners of each unit shall be deemed to individually own the cupboards, counters, plumbing fixtures, walls or partitions located within the individual unit; floor, wall and ceiling coverings, including all material inside the stud walls and below the ceiling joists; and light fixtures and other attachments or fixtures deemed to be a permanent part of each unit for the sole use of such unit. The owner of each unit shall be solely responsible for the maintenance, repair or replacement of

the plumbing fixtures, lighting fixtures, heating and air conditioning equipment, appliances and other equipment contained within or connected to each individual unit for the unit's exclusive use. Maintenance, repair and replacement of windows, exterior doors and screens shall be the responsibility of the Association.

In the event wires, pipes, HVAC systems, or other services run through one unit for the service of another unit, an easement for maintenance, repair or replacement together with the right of ingress and egress thereto shall exist. In the event it is necessary to access utilities or services in or through a unit other than the unit being served by such utilities or services, the interior surfaces as well as the general common elements and facilities shall be restored to their original condition at the expense of the unit owner for whom such service work was performed.

5. The sidewalks and driveways serving each individual unit or garage shall be deemed limited common elements. Limited common elements shall be for the exclusive use of the respective units but repair and maintenance shall be a common expense.

6. The fractional interest which each unit bears to the entire Horizontal Property Regime is one-fourth (1/4). Voting rights regarding administration of the Horizontal Property Regime and payment of expenses relating to the general common elements and facilities shall be shared equally by each unit.

7. In the event of damage or destruction of all or a part of the property, the property shall be rebuilt unless 100 percent of the unit owners shall determine that the property shall not be rebuilt, repaired, restored and therefore sold. Each unit shall be entitled to one vote with the vote of any unsold unit to be cast by the Developers or their successors in interest.

The Willows Owners' Association Board shall by a majority vote determine an appropriate amount of casualty and liability insurance coverage for the buildings, grounds, general common elements and facilities. Any policy purchased by the Owners' Association shall provide casualty coverage for the entire structures including utility lines, plumbing lines, all mechanical systems within the walls and permanent appliances. Roof and wall coverage shall include the sheetrock or other under-layment but shall not extend beyond the sheetrock or under-

layment. Coverage shall be replacement value for the like kind construction of the existing structures. The cost of such casualty and liability coverage for the general common elements and facilities shall be shared equally by each unit. Each unit owner shall be individually responsible for such casualty and liability insurance as they deem appropriate for the owner's individual unit. The personal property of the unit owners, including the inner decorated and/or finished surfaces of the walls, floors and ceilings and any appliances such as water heaters, air conditioners, stoves, refrigerators and the like as well as kitchen and bathroom fixtures, will not be covered by the Owners' Association policy. Windows, exterior doors and screens shall be insured by the Association.

Notwithstanding the previous paragraph, the Board may elect to purchase an insurance policy which provides coverage for fixtures, installations or additions that are within individual units, including but not limited to paint, wallpaper, paneling, tile, carpeting, air conditioners, cabinets, cooking ranges, clothes washers and dryers, electrical fixtures, dishwashers, fire extinguishing apparatus, plumbing fixtures and refrigerators. In the event the Board elects to do so, it shall give written notice thereof to each unit owner so that the unit owner may choose individual insurance which does not duplicate the Association insurance.

8. A. The administration of the Horizontal Property Regime shall be governed by the Executive Board and by The Willows Owners' Association in accordance with the By-Laws, a copy of which is attached hereto in compliance with Section 499B.14, Code of Iowa (2003). Such administration includes the authority to make annual and special assessments for the care and maintenance of the Horizontal Property Regime and the failure by any unit owner to pay a properly levied annual or special assessment shall result in and constitute a lien on the respective unit to the extent of such unpaid assessment. A lien for unpaid assessments may be perfected by an officer of the Association filing a written notice thereof with the Dickinson County Recorder. A lien for unpaid assessments may be foreclosed by suit by the Association or its representatives in like manner as a real property mortgage, provided that thirty (30) days written notice of the intent to foreclose shall be mailed, postage prepaid, to the owner at the

address shown by the records of The Willows Owners' Association, which shall be the address of the unit unless the owner notifies The Willows Owners' Association of a different preferred address. In the event a lien is foreclosed by The Willows Owners' Association or its representatives, the Owners' Association shall be entitled to an award of reasonable attorney fees. Nothing contained in this paragraph shall prohibit the Owners' Association from proceeding with an action for recovery of a money judgment for the amount of any unpaid assessments, which action shall be maintainable without foreclosing or waiving the lien for unpaid assessments.

B. No owner may be exempted from liability for annual or special assessments by waiver of the use or enjoyment of the general or limited common elements and facilities or by abandonment of the unit.

C. No owner shall make any alteration or improvement to any of the general or limited common elements and facilities or remove any portion thereof without the prior consent of the Owners' Association.

D. Each owner shall pay the separately metered utility expenses to maintain a minimum year round temperature of forty-five degrees Fahrenheit (45°F) within the owner's unit and each owner shall be liable to any other owner for any damage to the other owner's unit caused by the failure to maintain a sufficient temperature. In the event any unit is going to be left vacant for a period of more than fourteen (14) days, the owner thereof shall cause the water in that unit to be shut off.

E. Each owner shall be liable to the Owners' Association and the other owners for the expense of any maintenance, repair or replacement rendered necessary by the negligence of an owner, the owner's family, guests, employees, agents or lessees, which liability shall include any increase in insurance rates resulting therefrom.

F. The property shall be used for residential purposes only, and unless agreed upon by all unit owners, the leasing or renting to a non-owner shall be for a minimum period of thirty (30) days. There shall be no sub-leasing. All leases shall be in writing with a copy thereof provided to the Owners' Association prior to the date of possession. No lease shall relieve the

owner of the unit from liabilities and responsibilities to the Owners' Association and other owners as set forth in this Declaration or imposed under the laws of the State of Iowa.

G. No unit may be sold without also conveying the owner's undivided interest in the general common elements and facilities. Likewise, no conveyance of the interest in the general common elements and facilities shall be made without a conveyance to the same party of a corresponding unit.

H. No owner shall convey, mortgage or lease any unit unless all common charges assessed against the unit have been paid.

I. Notwithstanding any other provision in this Declaration or in the By-Laws, the Developer is irrevocably empowered to transact on the property any business relating to construction, sale, lease or rental of units, including the right to maintain signs, employees, equipment and materials on the premises. These rights shall continue until all units have been sold.

J. Every director and officer of the Owners' Association shall be indemnified by the Association for all expenses and liabilities, including legal fees reasonably incurred by or imposed upon them, in connection with any proceeding to which they may be a party by reason of their being or having been a director or officer of the Owners' Association, except in such cases where the director or officer is adjudicated guilty of willful misfeasance or malfeasance in the performance of their duties. The foregoing rights of indemnification shall be in addition to and not limit any rights the officers or directors may have under Iowa law.

K. The term owner as used in this Declaration and in the By-Laws shall mean the record titleholder of the unit and shall include a contract purchaser in possession. In the event of multiple, corporate or fiduciary ownership of a unit, said owner or owners shall designate a person in writing, filed with the Secretary of the Association, said person to act as owner in connection with the voting rights and administration referred to in this Declaration and By-Laws. Notices to be given by the Association are properly given to the owner or owners of the respective units if given to the designated person. Each unit shall be entitled to have one vote

and that vote may not be split. The owner of a unit in The Willows shall be a member of the Association and shall remain a member of said Association until such time as ownership of the unit ceases.

L. The invalidation of any provision of this Declaration shall not affect the enforceability of the remaining provisions.

M. A sprinkler system is provided for the front or lakeside part of the property. The water for such sprinkler system is provided by Unit 16460 which Unit shall be reimbursed by the Association for water used.

9. The following restrictions and limitations shall apply to all units in The Willows Condominium:

A. No noise or other activity shall be allowed which unduly interferes with the peaceful possession and proper use of the property by its owners, nor shall any fire hazard or accumulation of refuse or other material be allowed. No fences, wires, lines, sheds, dog houses, dog runs, outbuildings or other structures of any kind may be erected by any owner in any common area or facility without prior approval of the Owners' Association.

B. No recreational vehicles, motorcycles, snowmobiles, all terrain vehicles, travel trailers, campers, boats, boat trailers, flatbed trailers, inoperable vehicles, or the like shall be parked in driveways or common elements and facilities of The Willows other than on a strictly temporary basis not to exceed 48 hours. For purposes of computing the 48 hours, the relocation of the items at issue within The Willows or the temporary removal and return of said item shall not restart the 48 hour time limit unless said item is removed entirely for not less than ten days.

C. No garage shall be used to store discarded items, junk or other unsightly materials. The garages shall not be used except by the unit owners and their guests.

D. Two fenced in trash containers are provided on the east and west edges of the property near the public road. No other trash containers shall be permitted in the common or limited common elements.

E. Pets shall not be left unattended by the owners, may not be tied outside of the condominium unit, and shall not be allowed to run free. Owners shall clean up all waste of their pets. In the event a pet is deemed to be a nuisance by a majority of the Owners' Association at a duly called meeting due to the pet causing a disturbance of the other occupants of the units by excessive noise or disruptive behavior, the Owners' Association may require the owner of the unit where the pet is located or staying to permanently remove the pet from the premises.

F. No signs shall be placed on the premises, including, but not limited to, signs placed on the exterior of any unit. This subparagraph shall not prohibit real estate for sale signs. However, for sale signs shall be limited to no more than two signs per unit with said signs to be no larger than four (4) square feet each. Any for sale signs placed on the premises shall be removed as soon as practical after the unit advertised is sold.

G. Decks and patios are limited common elements and shall be the responsibility of the Owners' Association, which shall design, construct and maintain such deck or patio. Decks or patios shall conform with applicable state and local law and the use thereof shall be subject to such rules as may be promulgated by the Owners' Association. Hot tubs shall be allowed on the lower concrete patios only.

H. No private docks shall be allowed on the premises. The Owners' Association shall be responsible for providing dock or docks which shall be in conformance with applicable state and local law.

Each unit is assigned two spaces for hoists as follows:

Unit 16458 is assigned the two hoist spaces on the west side closest to the shore.

Unit 16460 is assigned the two hoist spaces on the west side farthest from the shore.

Unit 16462 is assigned the two hoist spaces on the east side closest to the shore.

Unit 16464 is assigned the two hoist spaces on the east side farthest from the shore.

No lifts may be stored on the shore. Catwalks for access to lifts will be installed at the expense of the Association and as approved by the Board. Lifts will be installed at the expense of the unit owner.

No lift may be used for a boat of a non-owner. No lifts or lift spaces may be rented. No individual may install additional docks or catwalks except as approved by the Board.

I. Each unit shall be permitted to install one communication satellite dish which shall be roof mounted and shall not be larger than 18 inches in diameter. The location shall be approved by the Board.

J The Owners' Association by a three-fourths vote of those present at a duly called meeting shall have the authority to amend or rescind any part of this paragraph 9. Additionally, the Owners' Association by a three-fourths vote of those present at a duly called meeting shall have authority to adopt and enforce other reasonable restrictions, rules and regulations relating to the use and enjoyment of the premises, including, but not limited to, assigning or reassigning placement and use of boat lifts; regulating the placement of items such as ladders, benches, diving boards, storage bins and the like on the dock managed by the Association; and regulating the use of limited and common elements and facilities. Additionally, the owners of the Association, by three-fourths vote of those present at a duly called meeting, shall have the authority to amend, alter or over-rule any regulations, standards and rules of conduct regarding the use and occupancy of the property adopted by the Board pursuant to section 3F of the By-Laws.

10. Notwithstanding any of the provisions of this Declaration or the By-Laws, the undersigned Developer shall retain the right to name all officers of the Association who need not

be owners of units until all units shall be sold, or until July 1, 2008, whichever shall occur first. The Developer shall be required to pay assessments for all completed units held by them. The Developer reserves the right to change the interior design and arrangement of all units owned by the Developer at the time of such alteration so long as such alteration does not increase the number of units nor alter the boundaries of the common elements and facilities. If Developer makes such changes to a unit, those changes shall be shown by an amendment to this Declaration, which need be signed and acknowledged only by the undersigned Developer and need not be approved by the Association, owners or mortgagees of the units herein.

11. Except as set forth in paragraph 10 above, this Declaration may be amended as follows:

A. By written amendment signed by all owners, acknowledged and filed with the Dickinson County Recorder; or

B. By approval of an amendment by not less than a three-fourths majority of the owners present at a meeting called for the purpose of discussing such amendment. Notice of such meeting shall designate the time and place for the meeting together with a general description of the proposed amendment with the notice to be given not less than thirty (30) nor more than sixty (60) days from the date of the meeting. At such meeting the written proxy of an owner duly signed and notarized either setting forth the owner's vote on the proposed amendment or authorizing another to vote on behalf of such absent owner shall be allowed and recognized by the presiding officer as a valid vote on the amendment.

C. No amendment shall be valid without the written approval of Developers as long as Developers own any unit.

In witness whereof, the undersigned, have executed this Declaration this _____ day of _____, 2004.

William Dean Eich

Mary Jean Eich

STATE OF IOWA, COUNTY OF DICKINSON, ss:

On this _____ day of _____, 2004, before me, the undersigned, a Notary Public in and for said County and State, personally appeared William Dean Eich and Mary Jean Eich, husband and wife, to me known to be the identical persons named in and who executed the foregoing instrument, and who acknowledged that they executed the same as their voluntary act and deed.

Notary Public in and for said State

