

**BYLAWS
OF THE
WEST END TOWNHOMES OWNERS' ASSOCIATION, INC.
A Corporation Not for Profit Under the Laws of the State of Iowa**

1. IDENTITY. These are the Bylaws of the West End Townhomes Owners' Association, Inc., (the "Association"), a Corporation not for profit under the laws of the State of Iowa. The Association has been organized for the purpose of administering townhouses pursuant to Chapter 499B of the Code of Iowa (the "Horizontal Property Act"), which is identified by the name "West End Townhomes", and is located upon the following land:

West End Townhomes Addition to the city of Winterset, Madison County, Iowa.

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

2. MEMBERS' MEETINGS. (a) The annual members' meeting shall be held at 7:00 P.M., Central Standard Time, on the second Tuesday in February of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held at the same hour on the next day.

(b) Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

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

(d) A quorum at members' meetings shall consist of persons entitled to cast votes and present, after proper notice under Paragraph 2(c) of these Bylaws.

(e) In any meeting of members the owners shall be entitled to cast one vote per numbered lot for each of the 12 numbered lots.

If a numbered lot is owned by one person, his right to vote shall be established by the record title to his numbered lot. If a Numbered lot is owned by more than one person, the persons entitled to cast the vote for the Numbered lot shall all be members but shall still have just one vote per lot.

(f) Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the secretary.

(g) The order of business at annual members' meetings, as far as practical at all other members' meetings, may be:

- (1) election of chairman of the meeting;

- (2) calling of the roll and certifying of proxies;
- (3) proof of notice of meeting or waiver of notice;
- (4) reading and disposal of any unapproved minutes;
- (5) reports of officers;
- (6) reports of committees;
- (7) election of directors (if necessary);
- (8) unfinished business;
- (9) new business; and
- (10) adjournment.

(h) Until the Developer of the townhouses (the "Developer"), has completed and sold all of the townhouses, or until the Developer elects to terminate its control, whichever shall first occur, there shall be no meeting of members of the Association unless a meeting is called by the Board of Directors.

3. DIRECTORS. (a) The affairs of the Association shall be managed by a board of not more than two directors initially. The number may be changed at any annual or special meeting of the members.

(b) Election of directors shall be conducted at the annual members' meeting. A nominating committee of five members shall be appointed by the Board of Directors prior to the annual members' meeting. Additional nominations for directorships and directors may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

(c) Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining directors.

(d) Any director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the association at the same meeting.

(e) Until the Developer has completed and sold all of the Numbered lots, or until the Developer elects to terminate its control, whichever shall first occur, the first directors of the Association shall serve, and in the event of vacancies the remaining directors shall fill the vacancies, and if there are no remaining directors, the vacancies shall be filled by the Developer.

(f) The term of each director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

4. DIRECTORS' MEETINGS. (a) The organizational meeting of a newly elected Board of Directors shall be held immediately after the annual meeting

of the members, and no further notice of the organizational meeting shall be necessary providing a quorum shall be present.

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

(c) Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third of the directors. Notice of the meeting shall be given personally or by mail, telephone, or telegraph at least three days prior to the day named for such meeting, which notice shall state the time, place, and purpose of the meeting.

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

(e) A majority of the entire board of directors shall constitute a quorum at directors' meetings. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors.

(f) The President shall be the presiding officer at directors' meetings. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

(g) The Order of business at directors' meetings may be

- (1) calling of roll;
- (2) proof of due notice of meeting;
- (3) reading and disposal of any unapproved minutes;
- (4) reports of officers and committees;
- (5) election of officers;
- (6) unfinished business;
- (7) new business; and
- (8) adjournment.

5. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. All of the powers and duties of the Association existing under the Horizontal Property Act, the Declaration, the Articles of Incorporation, and these Bylaws shall be exercised exclusively by the Board of Directors, its agent, contractors, or employees, subject only to approval by townhouse owners if such is specifically required. Compensation of employees of the Association shall be fixed by the directors. A director may be an employee of the Association, and a contract for management of the condominium may be entered into with a director.

6. OFFICERS. (a) The executive officers of the Association shall be a President, who shall be a director, a Vice President, who shall be a director, a Treasurer, a Secretary, and an Assistant Secretary, all of whom shall be

elected annually by the Board of Directors and who may be removed by vote of the directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors may from time to time elect other officers to exercise such powers and duties as the Board shall deem necessary or appropriate to manage the affairs of the Association. Compensation of officers shall be fixed by the Board of Directors.

(b) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association, in order to assist in the conduct of the affairs of the Association, including, without limitation, the power to appoint such committees as he may deem appropriate from time to time from among the members of the Board.

(c) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

(d) The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and, directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

(e) The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association and shall perform all other duties incident to the office of Treasurer. The Association shall maintain, repair and replace Common Areas and facilities and common maintenance areas and facilities. Payment vouchers shall be approved by the board and prepared and paid by the treasurer. The board may preapprove routine maintenance expenditures that are best paid without waiting for the next board meeting.

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

(a) "Current expenses," which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year.

(b) "Reserve for deferred maintenance," which shall include funds for maintenance items which occur less frequently than annually.

(c) "Reserve for replacement," which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.

(d) "Additional improvements," which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

8. BUDGET. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray common expenses and to provide funds for the accounts listed in Section 7 of these Bylaws. The budget shall take into account the following items:

- (a) Current expense.
- (b) Reserve for deferred maintenance.
- (c) Reserve for replacement.
- (d) Additional improvements.
- (e) Operations, the amount of which may be to provide a working fund or to meet losses.

Until the Developer has completed and sold all of the Numbered lots of the West End Townhomes, or until the Developer elects to terminate its control of West End Townhomes, whichever shall first occur, the Board of Directors may omit from the budget all allowances for contingencies and reserves.

9. ASSESSMENTS. (a) Assessments against the numbered lot owners for their shares of the items of the budget shall be made on or before November 20th preceding the year for which the assessments are made. Such assessments shall be due in two equal payments on the first day of January and July of the year for which the assessments are made. If an annual Assessment is not made as required, it shall be presumed to have been made in the amount of the last prior assessment. If the annual assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors if the items of the amended budget do not exceed the limitations thereon for that year. Any item which does exceed such limitation shall be subject to the approval of the membership of the Association as provided in Section 8 of these Bylaws. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due upon the date of the assessment.

(b) If a Numbered lot owner shall default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten days after delivery thereof to the Numbered lot owner, or not less than 20 days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

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

(d) The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the directors.

(e) A report of the accounts of the Association shall be made annually, and a copy of the report shall be furnished to each member not later than April 1st of the year following the year for which the report is made.

10. PARLIAMENTARY RULES. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration, the Articles of Incorporation, or these Bylaws.

11. AMENDMENTS. These Bylaws may be amended in the following manner:

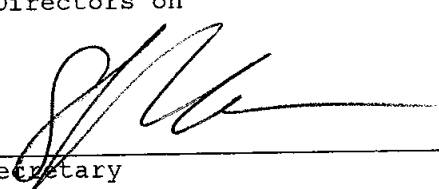
(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, provided such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be by at least 75% of the entire membership or of the Board of Directors.

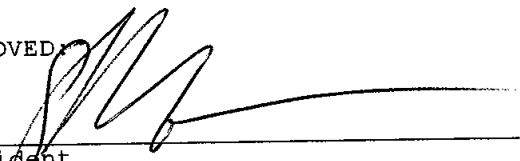
(c) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Public Records of Madison County, Iowa.

(d) These Bylaws shall be part of the Declaration of the Association. The Declaration is incorporated herein by this reference.

The foregoing were adopted as the Bylaws of West End Townhomes Owners' Association, Inc., a corporation not for profit under the laws of the State of Iowa, at the first meeting of the Board of Directors on Sept 22, 2000.


Secretary

APPROVED:


President