

**BYLAWS
OF
SCENIC VALLEY TOWNHOME ASSOCIATION, INC.**
(an Iowa Nonprofit Corporation)
(hereinafter referred to as the "Corporation" or the "Association")

**ARTICLE 1
DEFINITIONS**

Section 1.1 "Association" and "Corporation" shall mean and refer to Scenic Valley Townhome Association, Inc., its successors, assigns and counterparts.

Section 1.2 "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot (as defined in Section 1.3), but excluding those persons or entities having such interest merely as security for the performance of an obligation. If a Lot is sold on contract, the Lot Owner shall be deemed to be the contract buyer. In the event the contract buyer fails to comply with any of the terms of these Bylaws, the contract seller shall comply with the terms of these Bylaws. As between a contract seller and a contract buyer, there will be only one Lot Owner per Lot.

Section 1.3 "Lot" shall mean and refer to Lots Twenty-four (24) through Thirty-seven (37) within Scenic Valley Subdivision First Addition, Ames, Story County, Iowa, and each and every lot within any and all subsequent additions thereto that are classified or identified as a townhome lot (collectively, the "Property").

Section 1.4 "Common Area" shall mean any and all unnumbered outlots as shown on any final subdivision plat of subdivision of the Property that may from time to time be deeded or otherwise conveyed to the Association .

Section 1.5 "Common Expenses" means and includes:

- (a) All sums lawfully assessed against the Lot Owners by the Board (as defined in Section 2.4);
- (b) All expenses of administration and management, maintenance, operation, repair or replacement of and addition to the Common Area;
- (c) Expenses agreed upon as common expenses by the Lot Owners, such as Lot-specific replacement and repair costs and similar expense and costs noted in any annual or supplemental budget; and
- (d) Expenses agreed upon as common expenses pursuant to these Bylaws of the Corporation, including, but not limited to, any and all amounts noted in any annual or supplemental budget (the "Bylaws").

Section 1.6 "Member" shall mean and refer to a Lot Owner as said terms are and may be used interchangeably throughout these Bylaws. If a Lot is owned by more than one person, each and every person shall be a Member and remain jointly and severally liable for all membership obligations.

ARTICLE 2

MEMBERS

Section 2.1 Eligibility. The Corporation shall have one class of Members which shall consist of the respective Lot Owners of the Property. All present and future Lot Owners and their tenants, future tenants, employees, patrons, patients, guests and any other person who might use the facilities of the Property in any manner, are subject to the provisions set forth in these Bylaws, the Restrictive Covenants and Regulations for Scenic Valley Subdivision First Addition, Ames, Story County, Iowa (the "First Addition Covenants"), and any and all restrictive covenants and regulations applicable to subsequent additions to the Property (the "Subsequent Covenants") (the First Addition Covenants and the Subsequent Covenants are hereinafter collectively referred to as the "Covenants").

Section 2.2 Qualification. Each Lot Owner shall be a Member of the Corporation. Accordingly, the membership of each Lot Owner shall terminate when they cease to be a Lot Owner, upon the sale, transfer or other disposition of their ownership interest in the Property.

Section 2.3 Designation of Representative. Each entity that is a Member shall designate an individual to be the representative of that Member with the Corporation who shall exercise all rights and privileges of the entity as a Member.

Section 2.4 Expulsion, Suspension or Termination of Membership. The Board of Directors (the "Board"), by affirmative vote of three-fourths of all of the members of the Board, may expel, suspend or terminate a Member for cause after providing not less than fifteen (15) days notice to the Member of the proposed expulsion, suspension, or termination and reasons therefor and an opportunity for a hearing. The expulsion, suspension, or termination of a Member in no way relieves that Member from complying with the duties and obligations of Lot Owners set forth in these Bylaws and the Covenants.

Section 2.5 Resignation. Any Member may resign by filing a written resignation with the Secretary, but resignation shall not relieve the Member of the obligation to pay any dues, assessments or other charges previously accrued and unpaid, and resignation in no way relieves the resigning Member from complying with the duties and obligations of Lot Owners set forth in these Bylaws and the Covenants.

Section 2.6 Reinstatement. Upon written request signed by a former Member and filed with the Secretary, the Board may, by the affirmative vote of three-fourths of the members of the Board, reinstate the former Member to membership upon such terms as the Board may deem appropriate, so long as the Member is still a Lot Owner.

Section 2.7 Transfer of Membership. Membership in the Corporation is freely transferable or assignable only in relation to the Member's sale, transfer or other disposition of the Member's interest in the Property that would result in the Member not being a Lot Owner,

and the transferee then being a Lot Owner and a Member. Otherwise, membership in the Corporation is not transferable or assignable.

ARTICLE 3 **MEETINGS OF MEMBERS**

Section 3.1 Annual Meeting. The annual meeting of the Members for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held between September 1 and December 1 of each year at such place as the Board shall each year fix, or at such other place, time and date as the Board shall fix, which date shall be within the earlier of the first six (6) months after the end of the Corporation's fiscal year or fifteen (15) months after the Members' last annual meeting.

Section 3.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by law (which for purposes of these Bylaws shall mean as required from time to time by the Revised Iowa Nonprofit Corporation Act (the "Act") or the Articles of Incorporation of the Corporation, and any amendments thereto), may be called by the President, or the Board, and shall be called by the Board upon the written demand, signed, dated and delivered to the Secretary, of the holders of at least fifty percent (50%) of all the votes of Members entitled to be cast on any issue proposed to be considered at the meeting. Such written demand shall state the purpose or purposes for which such meeting is to be called. The time, date and place of any special meeting shall be determined by the Board or by the President. Unless otherwise provided in the Articles of Incorporation, and any amendments thereto, a written demand for a special meeting may be revoked by a writing to that effect received by the Corporation prior to the receipt by the Corporation of demands sufficient in number to require the holding of a special meeting.

Section 3.3 Notices and Reports to Members.

(a) Notice of the place, date and time of all meetings of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be communicated not fewer than ten (10) days nor more than sixty (60) days before the date of the meeting to each Member entitled to vote at such meeting. The Board may establish a record date for the determination of Members entitled to notice, as provided in Section 3.5 of these Bylaws. Notice of adjourned meetings need only be given if required by law or by these Bylaws.

(b) In the event corporate action is taken without a meeting in accordance with Section 3.11 of these Bylaws by less than unanimous written consent, prompt notice of the taking of such action shall be given to those Members who have not consented in writing.

(c) If notice of proposed corporate action is required by law to be given to Members not entitled to vote and the action is to be taken by consent of the voting Members, the Corporation shall give all Members written notice of the proposed action at least ten (10) days before the action is taken. The notice must contain or be accompanied by the same material that

would have been required to be sent to Members not entitled to vote in a notice of meeting at which the proposed action would have been submitted to the Members for action.

(d) Notice may be communicated in person, by mail, by telephone, voice mail, other electronic means or other method of delivery. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television, or other form of public broadcast communication. Written notice by the Corporation to its Members, if in a comprehensible form, is effective according to one of the following: (i) upon deposit in the United States mail, if mailed post-paid and correctly addressed to the Member's address shown in the Corporation's current record of Members; or (ii) when electronically transmitted to the Member in a manner authorized by the Member.

Section 3.4 Waiver of Notice.

(a) Any Member may waive any notice required by law or these Bylaws if in writing and signed by any Member entitled to such notice, whether before or after the date and time stated in such notice. Such a waiver shall be equivalent to notice to such Member in due time as required by law or these Bylaws. Any such waiver shall be delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

(b) A Member's attendance at a meeting, in person or by proxy, waives (i) objection to lack of notice or defective notice of such meeting, unless the Member at the beginning of the meeting or promptly upon the Member's arrival objects to holding the meeting or transacting business at the meeting, and (ii) objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 3.5 Record Date. The Board may fix, in advance, a date as the record date for any determination of Members for any purpose, such date in every case to be not more than seventy (70) days prior to the date on which the particular action or meeting requiring such determination of Members is to be taken or held. If no record date is so fixed for the determination of Members, the close of business on the day before the date on which the first notice of a Members' meeting is communicated to Members shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board selects a new record date or unless a new record date is required by law.

Section 3.6 Members' List. After fixing a record date for a meeting, the Secretary shall prepare an alphabetical list of the names of all Members who are entitled to notice of a Members' meeting. Subject to Section 10.6, the Members' list must be available for inspection by any Member beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A Member,

or a Member's agent or attorney, is entitled on written demand to inspect and, subject to the requirements of law, to copy the list, during regular business hours and at the person's expense, during the period it is available for inspection. The Corporation shall make the Members' list available at the meeting, and any Member, or a Member's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment.

Section 3.7 Quorum.

(a) At any meeting of the Members, the Members holding at least sixty percent (60%) of the votes that may be cast in person or by proxy shall constitute a quorum, unless the representation of a different number is required by law, and in that case, the representation of the number so required shall constitute a quorum. If a quorum shall fail to attend any meeting, the chairperson of the meeting or a majority of the votes present may adjourn the meeting to another place, date or time.

(b) When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than one hundred twenty (120) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, date and time of the adjourned meeting shall be given in conformity with these Bylaws. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

(c) Once a Member is represented for any purpose at a meeting, the Member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment thereof unless a new record date is or must be set for that adjourned meeting.

Section 3.8 Organization.

(a) The President, or in the absence of the President, such other person as the Board may have designated, or, in the absence of such a person, such person as shall be designated by the holders of a majority of the votes present at the meeting, shall call meetings of the Members to order and shall act as chairperson of such meetings.

(b) The Secretary shall act as secretary at all meetings of the Members, but in the absence of the Secretary at any meeting of the Members, the chairperson may appoint any person to act as secretary of the meeting.

Section 3.9 Voting.

(a) Every Member entitled to vote may vote in person or by proxy. Each Member shall be entitled to one (1) vote on each matter submitted to a vote of the Members. If any Lot Owner consists of more than one person, the voting rights of such Lot Owner shall not be divided but shall be exercised as if the Lot Owner consisted of only one person in accordance

with the proxy or other designation made by the persons constituting such Lot Owner. In the event that there is a dispute among such Lot Owners, the matter shall be referred to the Board who shall decide by whom the vote is to be cast, and such decision will be final.

(b) The Members having the right to vote at any meeting shall be only those of record on the books of the Corporation, on the record date fixed by law or pursuant to the provisions of Section 3.5 of these Bylaws.

(c) Voting by Members on any question or in any election may be *viva voce* unless the chairperson of the meeting shall order or any member shall demand that voting be by ballot. On a vote by ballot, each ballot shall be signed by the Member voting, or in the Member's name by proxy, if there be such proxy.

(d) If a quorum exists, action on a matter that is the affirmative vote of sixty percent (60%) of the Members represented at such quorum, is the act of the Members.

Section 3.10 Voting by Proxy or Representative.

(a) At all meetings of the Members, a Member entitled to vote may vote in person or by proxy appointed in writing, which appointment shall be effective when received by the secretary of the meeting or other officer or agent authorized to tabulate votes. An appointment of a proxy is valid for eleven months from the date of its execution, unless a longer period is expressly provided in the appointment form, but in no event shall the appointment of a proxy be valid for more than three (3) years from the date of its execution.

(b) A Member or Member's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the Member by signing an appointment form or by an electronic transmission that complies with Sections 10.1 and 10.8 of these Bylaws. An electronic transmission must contain or be accompanied by information from which one can determine that the Member, the Member's agent, or the Member's attorney-in-fact authorized the electronic transmission.

Section 3.11 Action Without Meeting. Except as otherwise set forth in this Section 3.11, any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting or vote if one or more consents in writing setting forth the action taken shall be signed and dated by the Members having not less than sixty percent (60%) of the votes entitled to be cast at a meeting at which all Members entitled to vote on the action were present and voted, and are delivered to the Corporation for inclusion in the minutes or filing with the Corporation's records. Written consents from a sufficient number of Members must be obtained within sixty (60) days from the date of the earliest dated consent for such consents to be effective to take corporate action. Provided, however, a director shall not be removed by written consents unless written consents are obtained from all Members of the Corporation. If not otherwise fixed by law or in accordance with these Bylaws, the record date for determining Members entitled to take action without a meeting is the date the first Member signs such a written consent. Written consents may be delivered to the Corporation by electronic transmission. A written consent may be revoked by a writing to that effect received by the

Corporation prior to the receipt by the Corporation of unrevoked written consents sufficient in number to take the corporate action.

Section 3.12 Ballot Voting. An action based on a written ballot may be taken provided the number of votes cast meets the quorum and number of approvals meets the number requirements set forth in Section 3.9. A written ballot may be transmitted and a vote may be cast on that ballot electronically in accordance with Section 10.8.

Section 3.13 Conduct of Business. The chairperson of any meeting of Members shall determine the order of business and procedure at the meeting, including such regulation of the manner of voting and the conduct of business as seem to him or her to be in order. The chairperson shall also announce at the meeting when the polls close.

ARTICLE 4 **BOARD OF DIRECTORS**

Section 4.1 Number, Election, and Term of Office. The management and affairs of this Association shall be managed by a Board of not less than one (1) nor more than seven (7) directors. The number of directors may be changed by amendment of these Bylaws.

Section 4.2 Qualifications. All directors shall be Members of the Association.

Section 4.3 Powers of the Board. The business and affairs of the Corporation shall be managed under the direction of the Board. The Board may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4.4 Quorum and Manner of Acting. A quorum of the Board shall consist of a majority of the number of directors prescribed in accordance with Section 4.1 of these Bylaws. If at any meeting of the Board there be less than a quorum present, a majority of the directors present may adjourn the meeting until a quorum shall be present. Notice of any adjourned meeting need not be given. At all meetings of directors, a quorum being present, the act of the majority of the directors present at the meeting shall be the act of the Board.

Section 4.5 Resignation. Any director of the Corporation may resign at any time by delivering written notice to the President, the Board, or the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Section 4.6 Removal. A director shall be subject to removal, with or without cause, at a meeting of the Members called for that purpose in the manner prescribed by law.

Section 4.7 Vacancies. Any vacancy occurring in the Board through death, resignation, removal or any other cause, including an increase in the number of directors, may be filled by a majority vote of the remaining directors. Any director so elected or appointed shall

hold office for a term equal to the unexpired term of the director whose position that new director has filled.

Section 4.8. Compensation of Directors. Directors shall not receive any stated salaries for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing contained here shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation for such services.

Section 4.9 Place of Meetings, etc. The Board may hold its meetings at such place or places within the State of Iowa, as the Board may from time to time determine. A director may participate in any meeting by any means of communication, including, but not limited to telephone conference call, by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.10 Annual Meeting. Immediately after the final adjournment of each annual meeting of the Members for the election of directors, the Board shall meet, at the same place where said meeting of Members finally adjourned, for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the Board or in a consent and waiver of notice thereof signed by all the directors, at which meeting the same matters shall be acted upon as is above provided.

Section 4.11 Regular Meetings. Regular meetings of the Board shall be held at such place and at such times as the Board shall by resolution fix and determine from time to time. No notice shall be required for any such regular meeting of the Board.

Section 4.12 Special Meetings; Notice.

(a) Special meetings of the Board shall be held whenever called by direction of the President or by a majority of the directors at the time being in office.

(b) Notice of each such meeting shall be communicated to each director at least two (2) days before the date on which the meeting is to be held. Each notice shall state the date, time and place of the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every director shall be present, even without any notice, any business may be transacted.

Section 4.13 Waiver of Notice. A director may waive any notice required by law or these Bylaws if in writing and signed by a director entitled to such notice, whether before or after the date and time stated in such notice. Such a waiver shall be equivalent to notice in due time as required by these bylaws. Attendance of a director at or participation in a meeting shall constitute a waiver of notice of such meeting, unless the director at the beginning of the meeting

or promptly upon arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4.14 Director's Assent Presumed. A director of the Corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless the director shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 4.15 Order of Business. At meetings of the Board, business shall be transacted in such order as, from time to time, the Board may determine by resolution. At all meetings of the Board, the President, or in his or her absence, the most senior Vice President present, or otherwise the person designated by the vote of a majority of the directors present shall preside.

Section 4.16 Action Without Meeting. Any action required or permitted by law to be taken at any meeting of the Board may be taken without a meeting if the action is taken by all members of the Board and if one or more consents in writing describing the action so taken shall be signed by each director then in office and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. Written consents may be delivered to the Corporation by electronic transmission. A director's consent may be withdrawn by a revocation signed by the director and delivered to the Corporation prior to the delivery to the Corporation of unrevoked written consents signed by all of the directors.

Section 4.17 Committees. The Board, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board in the management of the Corporation; provided, however, that no such committee shall have the authority of the Board in reference to authorized distributions; approve, or recommend to Members dissolution, merger, or sale, pledge, or transfer of all or substantially all of the Corporation's assets; elect, appoint, or remove directors or fill vacancies on the Board or any of its committees; or adopt, amend, or repeal the Articles of Incorporation or Bylaws. The appointment of any such committee and the delegation of authority shall not operate to relieve the Board of any responsibility imposed upon it by law. Each committee shall fix its own rules governing the conduct of its activities as the Board may request.

Section 4.18 Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Corporation or to the officers of the Corporation any powers or duties that, by law, have been delegated to the Lot Owners.

ARTICLE 5

OFFICERS

Section 5.1 Executive Officers. The executive officers of the Corporation shall be a President, a Secretary, a Treasurer and such other officers as may from time to time be elected by the Board. One person may hold the offices and perform the duties of any two (2) or more of said offices. In its discretion, the Board may delegate the powers or duties of any officer to any other officer or agents, notwithstanding any provision of these Bylaws, and the Board may leave unfilled for any such period as it may fix, any office except those of President, Treasurer and Secretary. The officers of the Corporation shall be elected annually by the Board at the annual meeting thereof. Each such officer shall hold office until the next succeeding annual meeting of the Board and until his or her successor shall have been duly chosen and shall qualify or until his or her death or until he or she shall resign or shall have been removed. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by the Members.

Section 5.2 Resignation and Removal. An officer may resign at any time by delivering notice to the Secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective time. Any officer may be removed by the Board at any time with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. An officer may be removed at any time with or without cause by any of the following: (a) the Board; (b) the officer who appoints such officer, unless these Bylaws or the Board provide otherwise; or (c) any other officer if authorized by these Bylaws or the Board.

Section 5.3 Powers and Duties of the President. Subject to the control of the Board, the President shall have general charge of and direct the operations of the Corporation and shall be the chief executive officer of the Corporation. The President shall, when present, preside at all meetings of the Members. The President shall, when present, preside at all meetings of the Board. The President shall keep the Board fully informed and shall freely consult with them concerning the business of the Corporation in his or her charge. The President shall have authority to sign, execute and acknowledge all contracts, checks, deeds, bonds, leases or other obligations on behalf of the Corporation as the President may deem necessary or proper to be executed in the course of the Corporation's regular business as authorized by the Board. The President may sign in the name of the Corporation reports and all other documents or instruments which are necessary or proper to be executed in the course of the Corporation's business. He or she shall perform all duties incident to the office of President as herein defined, and all such other duties as from time to time may be assigned by the Board.

Section 5.4 Powers and Duties of the Secretary. The Secretary shall (a) keep minutes of all meetings of the Members and of the Board; (b) authenticate records of the Corporation and attend to giving and serving all notices of the Corporation as provided by these Bylaws or as required by law; (c) be custodian of the corporate seal, if any, the stock certificate books and such other books, records and papers as the Board may direct; (d) keep a record showing the names of all persons who are Members of the Corporation, their post office addresses as furnished by each such Member, and at least ten (10) days before each Members' meeting,

prepare a complete list of Members entitled to vote at such meeting arranged in alphabetical order; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board. Without limiting the foregoing, the Secretary shall be responsible for maintaining and authenticating the following records: (a) minutes of all meetings of the Members and Board; (b) all actions taken by the Members or Board without a meeting; (c) all actions taken by a committee of the Board in place of the Board on behalf of the Corporation; (d) articles or restated articles of incorporation and all amendments to them currently in effect; (e) bylaws or restated bylaws and all amendments to them currently in effect; (f) all written communications to Members generally within the past three years, including the financial statements furnished for the past three years; (g) list of names and business addresses of the current Members, directors and officers; and (h) the Corporation's most recent biennial report delivered to the Secretary of State.

Section 5.5 Powers and Duties of the Treasurer. The Treasurer shall (a) have custody of and be responsible for all moneys and securities of the Corporation, shall keep full and accurate records and accounts in books belonging to the Corporation, showing the transactions of the Corporation, its accounts, liabilities and financial condition and shall see that all expenditures are duly authorized and are evidenced by proper receipts and vouchers; (b) deposit in the name of the Corporation in such depository or depositories as are approved by the Board, all moneys that may come into the Treasurer's hands for the Corporation's account; (c) prepare annual financial statements that include a balance sheet as of the end of the fiscal year and an income statement for that year; and (d) in general, perform such duties as may from time to time be assigned to the Treasurer by the President or by the Board.

Section 5.6 Vacancies. Vacancies in any office shall be filled by a majority vote of the Board at a regular or special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds.

ARTICLE 6

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 6.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by the President, or such other officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the President, the President or by resolution of the Board.

ARTICLE 7

ASSESSMENTS

Section 7.1 Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association for review and approval by the Board and Members at the annual meeting. Such budget shall take into account the estimated Common Expenses and cash requirements for the year, including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, expenses incurred pursuant to any health care agreements, pest control services, insurance, fuel, utility charges, power and all other Common Expenses. To the extent that the assessments and other cash income collected from the Lot Owners during the preceding year shall be more or less than the expenditures of such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Area. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements related to the Common Area that must be replaced on a periodic basis, in reasonable amounts as determined by the Board. A working capital fund equal to at least two (2) months' estimated Common Expense assessment for each Lot shall be established.

Section 7.2 Assessments. The Board and Members shall, at each annual meeting, approve the estimated annual budget for each fiscal year and shall furnish copies to each Lot Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of each month the year covered by the annual budget, each Lot Owner shall pay, as his respective monthly assessment for the Common Expenses, one-twelfth of his proportionate share of the Common Expenses for such year as shown by the annual budget and as determined by the Board and Members. In the event that the Board and Members shall not approve an estimated annual budget or shall fail to determine new annual assessments for any year, or shall be delayed in doing so, each Lot Owner shall continue to pay annually the amount of his respective annual assessment as last determined. No Lot Owner shall be relieved of his obligation to pay his assessment by abandoning or not using his Lot or the Common Area. Additionally, to the extent the monthly assessment paid by each Lot Owner for any year prior to the approval of the annual budget for said year is less than the actual monthly assessment based on the new annual budget, each Lot Owner shall, contemporaneous with the next monthly assessment payment, make up any deficiency in payments. Notwithstanding anything in these Bylaws to the contrary, the monthly assessment for unimproved Lots shall be equal to one-half (½) of the monthly assessment as set by the Board, and each Lot Owner of an unimproved Lot shall only pay the full monthly assessment from and after the date that is thirty (30) days after the receipt of a certificate of occupancy for the main structure on a Lot.

Section 7.3 Partial Year or Month. If a Lot Owner acquires ownership of a Lot in the middle of a fiscal year, then the monthly assessments for that Lot Owner shall be proportionate to the number of months and days in such period covered by the annual budget for the year the Lot was acquired by said Lot Owner. Commencing with the date that a Lot Owner acquires ownership of his Lot, each Lot Owner shall pay his assessment for the following month or

fraction of a month, which assessment shall be in proportion to his respective ownership interest in the Common Area and the number of months and days remaining in the fiscal year covered by the current annual budget, and which assessment shall be as computed by the Board.

Section 7.4 Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Lot Owner a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 7.5 Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common Expense for the remainder of such year, then the Board shall prepare and the Members shall approve a supplemental budget covering the estimated deficiency for the remainder of such year (the "Supplemental Budget"), copies of said Supplemental Budget shall be furnished to each Lot Owner, and thereupon a supplemental assessment shall be made on each Lot Owner for his proportionate share of such Supplemental Budget. Upon furnishing such a Supplemental Budget and corresponding assessments, the additional assessments shall be a lien on the respective Lots, payable monthly.

Section 7.6 Lien. It shall be the duty of every Lot Owner to pay his proportionate share of the Common Expenses as assessed in the manner herein provided.

If any Lot Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with interest thereon at a rate of twelve percent (12%) *per annum* after said Common Expenses become due and payable, shall constitute a lien enforceable by the Board, on the interest of such Lot Owner in the Property; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Lot Owner, except for the amount of the proportionate share of Common Expenses that are due and payable from and after the date on which such mortgage owner or holder either takes possession of the Lot, accepts a conveyance of any interest therein (other than as security) or files suit to foreclose its mortgage and causes a receiver to be appointed to take possession of the Lot. The provisions of this paragraph of this Section 7.6 shall not be amended, changed, modified or rescinded in any way without prior written consent of three-fourths (3/4) of the holders of record of mortgages against all or part of the Property. Nothing herein shall be deemed to derogate the right of the Association to recover unpaid assessments and charges from a defaulting Lot Owner personally, without the foreclosure of lien rights or resort to other remedies.

The Association or its successors or assigns, or the Board or its agents, shall have the right to maintain a suit to foreclose any such lien for unpaid assessments, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest and reasonable attorney's fees to be fixed by the Court. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Act, these Bylaws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments or otherwise enforce the obligations imposed by the Act, these Bylaws or any rules and regulations that may be adopted by the Board.

Section 7.7 Records and Statement of Account. The Board shall cause to be kept the records required and detailed and accurate records of the receipts and expenditures affecting the Common Area, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

The Board shall, upon receipt of ten (10) days' written notice to it or the Association and upon payment of a reasonable fee, furnish to any Lot Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Lot Owner, which statement of account shall be conclusive evidence of the amount of unpaid assessments or other charges due as of the date stated in said statement.

Section 7.8 Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance that in the opinion of the Board may constitute a lien against the Property or the Common Area, rather than a lien against only a particular Lot. When less than all the Lot Owners are responsible for the existence of any such lien, the Lot Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses including attorney's fees, incurred by reason of such lien.

Section 7.9 Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Lot Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Lot Owners.

ARTICLE 8
ABATEMENT AND RESTRAINT OF VIOLATIONS BY LOT OWNERS

The violation of any rules or regulations adopted by the Board or the breach of any provision contained herein, or the breach of any provision of the Covenants, shall give the Board the right, in addition to any other rights set forth in these Bylaws:

- (a) to enter the Lot, upon reasonable notice and at reasonable hours, in which or as to which such violation or breach exists and to summarily abate or remove, at the expense of the defaulting Lot Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or
- (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or
- (c) to proceed with both (a) and (b) above.

ARTICLE 9
CONTRACTUAL POWERS

No contract or other transaction between the Corporation and one or more of its directors or between this Corporation and any corporation, firm or association in which one or more of the directors of this Corporation are directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof that authorizes or approves the contract or transaction or because his or their votes are counted, if the requirements for the authorization, approval, or ratification of conflict of interest transactions as set forth in the Act are met.

ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 10.1 Facsimile and Electronic Signatures. In addition to the provisions for use of facsimile and electronic signatures elsewhere specifically authorized in these Bylaws, facsimile and electronic signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof. An “electronic signature” is any electronic symbol or process attached to or logically associated with a document sent by electronic transmission and executed or adopted by a person with the intent to sign such document. Electronic signature includes (i) a unique password or unique identification assigned to a person by the Corporation; (ii) a person’s typed name attached to or part of an electronic transmission sent by or from a source authorized by such person such as an e-mail address provided by such person as that person’s e-mail address; (iii) a person’s facsimile signature; and (iv) any other form of electronic signature approved by the Board.

Section 10.2 Corporate Seal. The Corporation shall not adopt an official seal.

Section 10.3 Fiscal Year. The fiscal year of the Corporation shall be from the first day of January through the last day of December.

Section 10.4 Corporate Records. The books and records of the Corporation shall be kept (except that the member list must also be kept at the places described in Section 3.6 of these Bylaws) at the principal office of the Corporation.

Section 10.5 Voting of Stocks Owned by the Corporation. In the absence of a resolution of the Board to the contrary, the President, acting within the scope of his or her authority as provided in these Bylaws, is authorized and empowered on behalf of the Corporation to attend and vote, or to grant discretionary proxies to be used, at any meeting of members of any corporation in which this Corporation holds or owns shares of stock, and in that connection, on behalf of this Corporation, to execute a waiver of notice of any such meeting or a written consent to action without a meeting. The Board shall have authority to designate any officer or person as a proxy or attorney-in-fact to vote shares of stock in any other corporation in which this Corporation may own or hold shares of stock.

Section 10.6 Members' Right to Information.

(a) A Member of the Corporation is entitled to inspect and copy, during regular business hours at the Corporation's principal office, any of the following records of the Corporation: (i) articles or restated articles of incorporation and all amendments currently in effect; (ii) bylaws or restated bylaws and all amendments currently in effect; (iii) resolutions adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class or category of Members; (iv) minutes of all Members' meetings and records of all action taken by Members without a meeting, for the past three (3) years; (v) all written communications to Members generally within the past three years, including the financial statements furnished for the past three (3) years; (v) a list of the names and business addresses of the Corporation's current directors and officers; and (vii) the Corporation's most recent biennial report delivered to the Iowa Secretary of State. Provided the Member shall have given the Corporation written notice of the Member's demand at least five (5) business days before the date on which the Member wishes to inspect and copy.

(b) Subject to paragraphs (e) and (f) below, if a Member makes a demand in good faith and for a proper purpose, the Member describes with reasonable particularity the Member's purpose and the records the Member desires to inspect, and the records requested, are directly connected with the Member's stated purpose, then the Member shall be entitled to inspect and copy, during regular business hours at a reasonable location specified by the Corporation, any of the following records of the Corporation provided the Member gives the Corporation written notice of the Member's demand at least ten (10) business days before the date on which the Member wishes to inspect and copy any of the following: (i) excerpts from minutes of any meeting of the Board, records of any actions of a committee of the Board while acting in place of the Board on behalf of the Corporation, minutes of any meeting of the Members, and records of action taken by the Members or the Board without a meeting to the extent not subject to inspection under paragraph (a) above; (ii) accounting records of the Corporation; and (iii) the membership list of the Corporation.

(c) Upon written request from a Member, the Corporation, at its expense, shall furnish to that Member the annual financial statements of the Corporation, including a balance sheet and income statement and, if the annual financial statements are reported upon by a public accountant, that report must accompany them.

(d) The Corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the Member. The charge shall not exceed the estimated cost of production or reproduction of the records.

(e) Without the consent of the Board, no corporate record may be obtained or used by any person for any purpose unrelated to the Member's interest as a Member.

(f) The Corporation may, within ten (10) days after receiving a demand for the inspection of the membership list, deliver a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the membership list. A reasonable alternative may include a member-prepared communication

mailed by the Corporation at the expense of the Member.

Section 10.7 Director's Access to Records. A director is entitled to inspect and copy the books, records, and documents of the corporation at any reasonable time to the extent reasonably related to the performance of the director's duties as a director, including any duties as a member of a committee, but not for any other purpose or in any manner that would violate any duty to the Corporation.

Section 10.8 Electronic Transmissions. "Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient. Notice by electronic transmission is written notice. Notices and written consents may be given by electronic transmission. Each written consent given by electronic transmission shall contain an electronic signature of the person giving such written consent.

Section 10.9 Construction. Words and phrases herein shall be construed as in the singular or plural number and as masculine, feminine or neuter gender, according to the context. These Bylaws shall not be amended or altered in any manner inconsistent with the Covenants.

Section 10.10 Severability. The invalidity of any portion or provision of these Bylaws shall not affect the validity of the remaining provisions or portions thereof.

ARTICLE 11 **SALE AND NOTICE**

Lot Owners shall notify the Board of the sale of any Lot within thirty (30) days of the sale and shall furnish the Board with the name and address of the new Lot Owner or Lot Owners.

ARTICLE 12 **AMENDMENTS**

These Bylaws may be altered, amended or repealed and new bylaws adopted if such action is proposed and presented in writing to the Members of the Association at least ten (10) days in advance of the date of any meeting where such action shall occur. Approval of any change in the Bylaws must be by an affirmative vote of sixty percent (60%) of the Members entitled to vote under the provisions of these Bylaws.

**FIRST AMENDMENT TO BYLAWS
OF
SCENIC VALLEY TOWNHOME ASSOCIATION, INC.**

Pursuant to Section 3.11 and Article 12 of the Bylaws (the "Bylaws") of Scenic Valley Townhome Association, Inc. (the "Association"), the undersigned, constituting over seventy-six percent (76%) of the Members (as that term is defined in the Bylaws) of the Association, hereby adopt the following amendments to the Bylaws of the Association as of May 11, 2017:

The Bylaws are amended by inserting the following Article:

**ARTICLE 13
INSURANCE**

Section 13.1 Owner Insurance Requirement. The Association shall obtain liability and casualty insurance for the Common Area. Each Lot Owner shall obtain liability and casualty insurance for the improvements on their Lot. Proof of insurance shall be provided in writing from the insurance company to the Association at least annually. This proof of insurance shall show that insurance is in place covering replacement cost value of the townhome on the applicable Lot. The Association shall be named as a loss payee and/or additional insured on said insurance policy. This information shall be provided within thirty (30) days of the purchase of a Lot and within thirty (30) days of each renewal of insurance thereafter.

Section 13.2 Effect of Failure to Meet Insurance Requirements and Remedies of the Association. If the proof of insurance and showing of the Association as loss payee and/or additional insured has not been provided to the Association within the thirty (30) day period required under Section 13.1 hereof, the Association shall give written notice of this delinquency. After thirty (30) days, if no written proof is received by the Association, the Association may then purchase insurance for the improvements on the applicable Lot. Any amounts expended in enforcement of this provision shall be treated as an assessment hereunder and shall become a lien against the applicable Lot as an assessment. The remedies set forth in Section 7.6 hereof regarding assessments shall apply to this section.

Section 13.3 Distribution of Insurance Proceeds. On the occasion of an insurable event, the first five hundred dollars and 00/100 (\$500.00) of the claim (the deductible amount shall be included in the calculation of the five hundred dollars and 00/100 (\$500.00)), shall be retained by the Lot Owner. The balance of the claim proceeds received covering the applicable Lot for which the Association is responsible shall be turned over to the Association. All determinations regarding the timing of repair shall be in the discretion of the Association.

In all other respects, the Bylaws of the Association are reaffirmed.

(SIGNATURE/CONSENT PAGE FOLLOWS)

**SIGNATURE/CONSENT PAGE OF
FIRST AMENDMENT TO BYLAWS OF
SCENIC VALLEY TOWNHOME ASSOCIATION, INC.**

HUNZIKER DEVELOPMENT COMPANY, LLC

(owner of 18 of 34 Lots, comprised of Lots 1 through 10 and Lots 13 through 20, Scenic Valley Subdivision Second Addition, Ames, Story County, Iowa)

By: 
Dean E. Hunziker, Manager

By: 
Charles E. Winkleblack, Manager

HUNZIKER, CHRISTY, SHIRK BUILDERS, INC.

(owner of 8 of 34 Lots comprised of Lots 26, 27, and 33 through 36, Scenic Valley Subdivision First Addition, Ames, Story County, Iowa, and Lots 11 and 12, Scenic Valley Subdivision Second Addition, Ames, Story County, Iowa)

By: 
Charles E. Winkleblack, Vice President