
Doc ID: 019407410092 Type: GEN
Recorded: 12/30/2004 at 01:57:55 PM
Fee Amt: \$462.00 Page 1 of 92
Johnson County Iowa
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BK **3831** PG **218-309**

DECLARATION
OF
SUBMISSION OF PROPERTY TO
HORIZONTAL PROPERTY REGIME
PURSUANT TO CHAPTER 499B OF THE CODE OF IOWA

NAME: CLUBHOUSE CONDOMINIUMS
DECLARANT: THE PADDOCK, LLC

DATE OF DECLARATION: December 29, 2004

LEGAL COUNSEL: Mr. Michael J. Pugh
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Iowa City, IA 52240

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DECLARATION
OF SUBMISSION OF PROPERTY
TO HORIZONTAL REGIME ESTABLISHING A PLAN
FOR
CONDOMINIUM OWNERSHIP OF PREMISES

This Declaration of Submission of Property to the Horizontal Property Regime is made and executed in Iowa City, Iowa, the 29th day of December, 2004 by The Paddock, LLC, an Iowa limited liability company, hereinafter referred to as "Declarant", pursuant to the provisions of the Horizontal Property Act, Chapter 499B, Code of Iowa (2003), as amended.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Iowa City, Iowa, and more particularly described in Exhibit "A" attached hereto; and

WHEREAS, Declarant and The Stables, LLC, an Iowa limited liability company, are the owners of certain other real property located in Iowa City, Iowa and more particularly described in Exhibit "B" attached hereto; and

WHEREAS, Declarant is the owner of certain multi-family buildings and other improvements built, or to be built, upon said real estate and it is the desire and the intention of the Declarant to divide the Project into Condominiums and to sell and convey the same to various purchasers, pursuant to the provisions of the aforesaid Horizontal Property Act, and to impose upon said property mutually beneficial restrictions, covenants, and conditions; and

WHEREAS, Declarant desires and intends by filing this Declaration to submit the property described in Exhibit "A-1" and the buildings and other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the aforesaid Act as a portion of the Condominium Regime; and

WHEREAS, Declarant desires to submit real property to this Declaration in phases and may desire in the future to submit the property described in Exhibit "B" and the buildings and improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the aforesaid Act as a portion of the Condominium Regime;

NOW, THEREFORE, the Declarant does hereby publish and declare that all property described in Exhibit "A-1" is held and shall be held and conveyed subject to the following covenants, conditions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominiums and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, their successors and assigns and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns. Each subsequent phase of the Condominium Regime will be subject to this

Declaration upon the recording of a Declaration of Annexation applicable to each such phase upon annexation by Declarant as provided in section 2.5.

ARTICLE I DEFINITIONS

1.1 "Annexation Property" shall mean and refer to the real property described in Exhibit "B" to this Declaration.

1.2 "Articles" shall mean and refer to the Articles of Incorporation of the Association, as amended from time to time.

1.3 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project which is to be paid by each Owner as determined by the Association.

1.4 "Association" shall mean and refer to the Clubhouse Condominiums Owners Association, an Iowa nonprofit corporation, and its successors, the Members of which shall be the Owners of Condominiums in the Project.

1.5 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.6 "Building(s)" shall mean and refer to each duplex, buildings containing one or more townhouses, multi-family buildings, or other improvements intended for habitation or use constructed within the Condominium Regime and any garage or storage building.

1.7 "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

1.8 "Common Elements" shall mean and refer collectively to "General Common Elements" and Limited Common Elements" as defined in sections 4.1 and 5.1, respectively.

1.9 "Common Expenses" means and includes the actual and estimated expenses of operating the Common Elements and any reasonable reserve for such purposes as found and determined by the Board and all sums designated Common Expenses by or pursuant to the Condominium Documents.

1.10 "Common Interest" means the proportionate undivided interest in the Common Elements that are part of each Condominium as set forth in this Declaration.

1.11 "Condominium" shall mean the entire estate in the real property owned by any Owner, consisting of an undivided interest in the Common Elements and ownership of a separate interest in a Unit.

1.12 "Condominium Building" shall mean the structural improvements located on the land, forming part of the real estate described herein, and containing Units as more particularly described in Exhibits "F-1" and "G-1". The Condominium Buildings include the Units and Common Elements.

1.13 "Condominium Regime" shall mean the entire parcel of real property referred to in Exhibits "A-1" and "B" in this Declaration, to be divided into Condominiums, including all structures thereon. The real property referred to in Exhibit "B" is not included in the Condominium Regime unless it is annexed and made a part of said Regime, as set forth herein.

1.14 "Condominium Documents" shall mean the same as "Project Documents".

1.15 "Declarant" shall mean and refer to The Paddock, LLC, an Iowa limited liability company, and any successor or assign that expressly assumes the rights and duties of the Declarant hereunder, in a recorded written document.

1.16 "Declaration" shall mean and refer to this instrument by which Clubhouse Condominiums, Iowa City, Iowa is established as provided under the Horizontal Property Act, and shall include any amendments or supplements to this Declaration.

1.17 "Foreclosure" shall mean and refer to the legal process by which the mortgaged property of a borrower in default under a mortgage is sold, and the borrower's interest in such property is sold, pursuant to Iowa law.

1.18 "General Common Elements" shall have the meaning as defined in section 4.1.

1.19 "Limited Common Elements" shall have the meaning as defined in section 5.1.

1.20 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

1.21 "Mortgage" shall include a deed of trust as well as a mortgage.

1.22 "Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

1.23 "Mortgagor" shall include the trustor or a deed of trust as well as a mortgagor.

1.24 "Owner" or "Owners" shall mean and refer to the record holder, or holders of title to a Condominium in the Project. This shall include any person having fee simple title to any Condominium, but shall exclude persons or entities having any interest merely as security for the performance of an obligation. If a Condominium is sold under a contract of sale and the contract

of sale is recorded, the purchaser, rather than the fee owner, shall be considered the "Owner" from and after the date the Association receives written notice of the recorded contract.

1.25 "Person" means a natural person, a corporation, a partnership, a trust, or other legal entity.

1.26 "Project" shall mean and refer to all of the real property in Phase I described on Exhibit "A-1" and all improvements thereon, and any of the Annexation Property described on Exhibit "B" which may become annexed into the Project as a subsequent phase in accordance with section 2.5, and thereby become subject to this Declaration. The Project is also shown on the Site Plan, Exhibit "F-1", and as the Annexation Property is added to the Condominium Regime, additional site plans will be filed with each Declaration of Annexation.

1.27 "Project Documents" shall mean this Declaration, as amended from time to time, the exhibits attached hereto, together with the other basic documents used to create and govern the Project, including the Site Plan, the Articles, the Bylaws, the Rules and Regulations, and the Building Plans and Specifications.

1.28 "Rules and Regulations" shall mean and refer to the rules adopted from time to time by the Association.

1.29 "Saddlebrook Amenities" shall mean all those portions of the Saddlebrook Properties designated as a "Saddlebrook Amenity" or "Saddlebrook Amenities" on any recorded map, survey or plat recorded by any owner of the Saddlebrook Properties or its association of homeowners, or designated or referenced as a "Saddlebrook Amenity" or "Saddlebrook Amenities" in this Declaration or any declaration of annexation or in any easement agreement or deed of any portion of the Saddlebrook Properties from Declarant or an affiliated owner. The "Saddlebrook Amenities" may be owned or maintained by a master association, of which the Association is a member, for the common use and enjoyment of other members of the master association and Saddlebrook Properties. The "Saddlebrook Trail", as described in Exhibit "F-1", in addition to the wetlands park, walking trails, gazebo, picnic tables, clubhouse, playgrounds and ponds identified within other Saddlebrook Properties, shall be considered Saddlebrook Amenities at the time of the filing of this Declaration.

1.30 "Saddlebrook Properties" shall mean Saddlebrook Addition, Parts 1 and 2; Whispering Meadows Subdivision, Part 2 and 3; an approximate 34.86 acres described as Auditor's Parcel 2003100; and an approximate 62 acres described as follows:

Beginning at the northwest corner of Section 25, Township 79 North, Range 6 West of the 5th P.M.; thence N 88°21'05" E, 1244.42 feet along the north line of Section 25 to a point on the west line of the sanitary sewer easement recorded in Book 1053, Page 40, of the Johnson County Recorder's records; thence S 0°09'02" E, 1618.31 feet along said west line; thence S 76°51'50" W, 135.62 feet; thence S 50°55'36" W, 231.50 feet; thence S 41°54'27" W, 388.36 feet; thence S 32°46'33" W, 698.64

feet to a point on the south line of the Northwest Quarter of Section 25; thence S 88°50'25" W, 292.04 feet to the West Quarter Corner of Section 25; thence N 0°08'49" W, 2641.60 feet to the Point of Beginning.

all in Iowa City, Iowa (including improvements thereto).

1.31 "Unit" shall mean and refer to one or more rooms which are intended for use as a residence and are not owned in common with the Owners of other Condominiums in the Project. Each Unit is identified by separate number on the Site Plan, attached hereto as Exhibit "F-1". The exact location of the Units in the two (2) eight (8) plex buildings is identified in the Building Plans, attached hereto as Exhibit "G-1". The boundary lines of each Unit are the interior surfaces of its perimeter walls, bearing walls, floors, ceilings, windows and window frames, doors, and door frames, and trim and includes the portions of the Buildings so described and the air so encompassed.

1.32 Plural and Gender. Whenever the context so permits or requires, the singular shall include the plural and the plural the singular, and the use of any gender shall include all genders.

1.33 Severability. The invalidity of any covenant, restriction, agreement, undertaking, or other provision of any Condominium Document shall not affect the validity of any remaining portions thereof.

1.34 Incorporation. Exhibits attached hereto and referred to herein are hereby made apart hereof with the same force and effect as other provisions of this Document.

ARTICLE II. DESCRIPTION OF LAND, BUILDING AND UNITS

2.1 Description of Land. The real property submitted to Phase One of the Condominium Regime is located in Iowa City, Johnson County, Iowa, and is legally described on Exhibit "A-1".

2.2 Description of Buildings. Phase One of the Condominium Regime will consist of six (6) Buildings containing a total of twenty-four (24) Units. There will be two (2) multi-family buildings containing eight (8) units each and four (4) duplex buildings each containing two (2) Units. The Regime will also consist of four (4) garage buildings described as garage Buildings A, B, C and D, containing a total of sixteen (16) garage spaces. The location of each Building is shown on the Site Plan, attached hereto as Exhibit "F-1". Specifications for each of the Buildings are set forth on Exhibit "H-1" attached hereto. Exhibit "G-1" also sets forth the Building Plans for said Buildings. The maximum number of Buildings that may be located in the Condominium Regime, including all Buildings annexed in subsequent Phases is thirty-one (31) residential Buildings, four (4) garage Buildings, a Clubhouse and mini-storage units.

2.3 Description of the Units. Phase One of the Condominium Regime will consist of a total of twenty-four (24) Units located in six (6) Buildings, as shown on the Site Plan, attached hereto as Exhibit "F-1". Each Unit will be entitled to one (1) vote in the Association and will pay an equal percentage of the Common Expenses and other assessments. There shall be eight (8) Units located in each of the multi-family buildings in Phase One and two (2) Units located in each of the duplex buildings. The precise location of the Units located in the Buildings and the Unit number for each Unit are shown on the Site Plan attached hereto as Exhibit "F-1", and the Building Plans, attached hereto as Exhibit "G-1". The maximum number of Units that may be located in the Condominium Regime, including all Units annexed in subsequent Phases is seventy-eight (78). Subsequent phases may consist of duplex and four (4) plex Buildings.

2.4 Easement Reserved Over Common Elements. Declarant reserves to itself, and for the benefit of the phases not yet annexed, an easement for ingress and egress, and for the construction or completion of construction of utilities, landscaping and amenities included in plans approved by the City, and for construction of Condominium Buildings and the Units therein and the utilities serving the same which have not yet been annexed to the Project (as of the date of conveyance to the Association) and are part of a future phase of the Project. Said easement shall continue for the period of time provided for annexation under section 2.5A(1), plus a reasonable period of time thereafter (not to exceed an additional two (2) years) to complete construction of said improvements. Said easement shall automatically terminate five (5) years after the recordation of this Declaration, or the recordation of any Declaration of Annexation for a subsequent phase of the Project, whichever occurs later.

2.5 Annexation of Additional Property. Additional property may be annexed to and become subject to this Declaration by either of the following methods set forth in subsections A and B below. The effects of annexation shall be as follows: Upon annexation, the additional property shall become a portion of the Project, and be subject to this Declaration without the necessity of amending individual sections hereof.

A. Annexation Pursuant to Declarant's Plan. The Annexation Property described in Exhibit "B" may be annexed by Declarant to and become a part of the Project in separate phases, subject to this Declaration, and subject to the jurisdiction of the Association, without the assent of the Association or its Members, or without the assent of the Condominium Owners or any Mortgagees, on condition that:

(1) Date for Annexation. Any annexation pursuant to this section shall be made prior to the third anniversary of the annexation of the immediately preceding phase of the Project, and all Phases shall be annexed by January 1, 2015.

(2) Declaration of Annexation. A Declaration of Annexation shall be recorded covering the applicable portion of the property to be annexed, in the form of Exhibit "J", attached hereto. The Declaration of Annexation may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be

necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the scheme of this Declaration.

B. Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to vote or written consent of sixty-seven percent (67%) of the voting power of its Members, excluding the Declarant and the approval of fifty-one percent (51%) of the Mortgagors, the Owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Declaration of Annexation in the manner described in section 2.5A(2) herein.

C. Effect of Annexation. Assessments collected from Owners may be expended by the Association without regard to the particular phase from which such Assessments came. All Owners shall have ingress and egress to all portions of the Common Elements throughout the Project, subject to the provisions of this Declaration, the Bylaws of the Association and to the Rules of the Association in effect from time to time.

D. Quality of Construction. Future improvements to the Project will be consistent with initial improvements in terms of quality of construction.

E. Improvements. All improvements necessary or intended for use in additional Phases, shall be substantially completed prior to annexation.

F. Right of Successor Declarant to Annex. The right of unilateral annexation provided for in section 2.5A constitutes a covenant running with the land, and is as such enforceable by any owner of the property described in Exhibit "B", or any part thereof, including the present owner or its successor or assignee, and Declarant or any successor or assignee of Declarant who acquires the Annexation Property, or any part thereof, and who assumes the role of Declarant with respect to the Annexed Property as provided in section 1.15.

2.6 Assessments of Annexed Property. Upon annexation, Annexed Property shall be subject to assessment by the Owners Association, as provided in section 7.3, subject to the limitation contained in the last sentence contained therein.

ARTICLE III. OWNERSHIP INTERESTS

3.1 Exclusive Ownership and Possession by Owner. Each Owner shall be entitled to exclusive ownership and possession of his or her Unit. Each Owner shall be entitled to an undivided interest in the Common Elements. Said percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners.

An Owner shall not be deemed to own the utilities running through his or her Unit which are utilized for, or serve, more than one Unit, except as a percentage of an undivided interest in the Common Elements. An Owner, however, shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows and doors bounding his or her Unit.

3.2 Appurtenances. There shall pass with the ownership of each Unit as a part thereof, whether or not separately described, all appurtenances to such Unit. No part of the appurtenant interest of any Unit may be sold, transferred or otherwise disposed of except in connection with the sale, transfer or other disposition of such Unit itself or of all Units in the Regime. The ownership of Units 1 through 16 located in the two (2) eight (8) plex Buildings shall also include ownership of the garage located in either garage Buildings A, B, C or D designated on the Site Plan by the same number as the Unit number. Each garage shall be for the exclusive use of the corresponding Unit Owner. Garage spaces shall be conveyed to purchasers of Units 1 through 16 and shall, after the first conveyance, also be deeded appurtenances to said Units, whether or not separately described.

3.3 Undivided Fractional Interest. An undivided interest in the land and other Common Elements of the Regime, regardless of whether such elements are General or Limited Common Elements, shall be appurtenant to each Unit. The amount of such undivided interest appurtenant to each Unit is determined by dividing one (1) by the total number of Units contained in the Regime, including any annexed Units, as they are annexed. The undivided interest appurtenant to each Unit is as shown on Exhibit "I-1" upon completion of all Buildings in the most recently annexed Phase of the Regime. Each Unit will bear a fractional share of the obligation for payment of assessment, taxes and insurance and other expenses assessed by the Owners' Association. The fractional share of said expenses and assessments shall be same as the undivided interest shown on Exhibit "I-1".

3.4 General Common Elements. Appurtenant to each Unit shall be a right to use and enjoy the General Common Elements, subject to the rights of other owners of the Saddlebrook Properties to use the Saddlebrook Amenities.

3.5 Limited Common Elements. The exclusive use by Owners of the Limited Common Elements shall be deemed an appurtenance of the Unit for which said elements are reserved, provided such use and enjoyment shall be limited to the uses permitted by this Declaration and other Condominium Documents.

3.6 Association Membership and Voting Rights. Appurtenant to each Unit shall be membership in Clubhouse Condominiums Owners Association and one (1) vote in the affairs of the Association and of the Regime; provided, however, that the exercise of such voting and membership rights shall be subject to the applicable provisions of the Articles and Bylaws of the Association and of the other Condominium Documents. The action of such Association shall be

deemed the action of the Owners; and such action, when taken in accordance with the Bylaws of the Association and this Declaration shall be final and conclusive upon all Unit Owners.

3.7 Cross-Easements. Appurtenant to each Unit shall be easements from each Unit Owner to each other Unit Owner and to the Association, and from the Association to the respective Unit Owners as follows:

(a) For ingress and egress through the Common Elements and for maintenance, repair, and replacement as authorized;

(b) Through the Units and common facilities for maintenance, repair and replacement or reconstruction of Common Elements, but access to Units shall be only during reasonable hours except in case of emergency;

(c) Every portion of a Unit contributing to the support of a Building is burdened with an easement of such support for the benefit of all such other Units;

(d) Through the Units and Common Elements for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility or other services to the other Units or in the Common Elements.

3.8 Recreational Use Easement. Other owners of the Saddlebrook Properties shall have the right to use the Saddlebrook Trail as shown on Exhibit "F-1" and other Saddlebrook Amenities identified from time to time within the condominium regime as provided herein.

ARTICLE IV. GENERAL COMMON ELEMENTS

4.1 Definition of General Common Elements. The term "General Common Elements" shall mean, and such elements shall consist of, all portions of the Condominium Regime (land and improvements thereon) not included within any Unit except such portions of the Condominium Regime which are defined as Limited Common Elements in the following Article. The General Common Elements also include, but are not limited to, the following:

(a) The land on which the Buildings are erected.

(b) The foundations, floors, exterior walls of each Unit and of the Buildings, ceilings and roofs, and entrances and exits or communication ways, and in general all devices or installations existing for common use, except as limited in the next Article.

(c) Installations for public utilities, including electric, cable TV, gas and water for common use.

(d) Front, side, and rear yards; plantings and landscaping.

- (e) Trash enclosures.
- (f) Storm water detention facilities and structures.
- (g) Private streets, sidewalks, community trails and parking spaces which are not immediately adjacent to a Unit, except as otherwise provided or stipulated; and
- (h) Community open space or park areas.

ARTICLE V. LIMITED COMMON ELEMENTS

5.1 Definition. The term "Limited Common Elements" shall mean, and such elements shall consist of, those Common Elements which are reserved for the use of one or more Unit(s) by this Article and amendments hereto and such reservation shall be to the exclusion of any other Unit.

5.2 Reservation. The following Common Elements are reserved and shall constitute the Limited Common Elements:

- (a) All walls and partitions separating Units from other Units, interior load bearing walls and all other elements which are structural to a Unit are reserved for that Unit (or Units where partitions separate two or more Units contained in a Building).
- (b) Mailboxes and storage areas, if any, designated to a particular Unit.
- (c) That part of all sewer, water, electrical, gas, telephone and other utility or service lines, wiring, ducts, conduits, piping, facilities, systems, fixtures and attachments serving just one Unit and located entirely within the Unit. Furnace and/or or water heater room shall be appurtenant to the Units they serve.
- (d) Interior sprinklers, sprinkler pipes and sprinkler heads which protrude into the airspace of a Unit and other built-in fire protection devices and equipment.
- (e) The air conditioner pads, compressors and equipment appurtenant to each Unit.
- (f) Entry ways immediately appurtenant to each Unit.
- (g) Any deck, balcony or patio adjacent to an individual Unit.
- (h) Driveways immediately adjacent to each Unit.

- (i) Exterior stairs located on a Building.
- (j) Any Garage Space designated for a particular Unit.

5.3 Exception. Notwithstanding the reservations made by this Article, the design of the Buildings, grounds to be submitted and the integrity and appearance of the Regime as a whole are the common interests of all Owners and, as such, shall remain a part of the General Common Elements.

5.4 Right of Association. The reservation of the Limited Common Elements herein shall not limit any right the Association and its agents may otherwise have to alter such Limited Common Elements or enter upon such Limited Common Elements for maintenance or repair.

ARTICLE VI.

DECLARANT'S RESERVED RIGHTS AND POWERS

6.1 Declarant's Activities. Declarant is irrevocably and perpetually empowered, notwithstanding any use, restriction or other provisions hereof to the contrary, to sell, lease or rent Units to any person and shall have the right to transact on the Condominium property any business relating to construction, repair, remodeling, sale, lease or rental of Units, including but not limited to, the right to maintain signs, employees, independent contractors and equipment and materials on the premises, and to use Common Elements (General and Limited) to show Units. All signs and all items and equipment pertaining to sales or rentals or construction and any Unit furnished by the Declarant for sale purposes shall not be considered Common Elements and shall remain their separate property. Declarant retains the right to be and remain the Owner of completed but unsold Units under the same terms and conditions as other Owners, including membership and voting rights in the Association save for its right to sell, rent or lease.

6.2 Easements. Declarant expressly reserves perpetual easements for ingress, egress and utility purposes as may be required across and under the land submitted hereby for the maintenance, repair or construction of Units, Buildings or Common Elements.

Declarant also reserves for itself the exclusive right and power to grant and record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibits "A-1" and "B". This right includes Declarant's ability to enter into a Reciprocal Recreational Use Easement Agreement with the other owners of the Saddlebrook Properties in connection with the use and enjoyment of the Saddlebrook Amenities. The Association shall join in such easement agreement if requested to do so by Declarant.

Declarant further reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Elements for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B", whether or not such property is made subject to this Declaration. This easement includes, but is not limited

to, a right of ingress and egress over the Common Elements for construction of roads and for connection and installing utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Elements as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant and its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property.

6.3. Designation of Association Directors. Declarant shall have the right to name all members of the Board of Directors of Clubhouse Condominiums Owners Association until four (4) months after seventy-five percent (75%) of the Units in the Condominium Regime have been conveyed to Unit Purchasers, or until the Declarant waives this right, at which time Members of the Association shall select the Board of Directors as provided by the Bylaws. Thereafter, the Board of Directors shall be selected in the manner specified by the Bylaws of the Association.

6.4 Declarant's Right to Amend. The Declarant reserves the following rights to amend the Declaration without the consent of any Unit Owner for the following purposes and in the following manner:

(a) As each Building is completed, Declarant or Declarant's engineer shall file an amendment consisting of the Engineer's Certificate in the form of Exhibit "K" attached hereto, indicating that said Building has been completed and constructed according to the Plans and Specifications which are a part of this Declaration, as amended, and the documents filed in support thereof with the office of the Recorder of Johnson County, Iowa. As-built Plans and Specifications may be filed with such an amendment.

(b) The amendment to this Declaration as provided in the preceding subparagraph (a) will be made at any time prior to the original sale of the affected Unit and may be made without consent of other Unit Owners.

(c) To annex additional Phases of the Condominium Regime pursuant to section 2.5(A) herein, add any portion of the Annexation Property, increase the number of Units, or change a Unit Owner's percentage ownership interest in the Common Elements. If Declarant decides to disclaim any portion of the Annexation Property, it shall file an Affidavit with the Recorder of Johnson County, Iowa setting forth the legal description of that portion of the Annexation Property which is no longer subject to being annexed into the Condominium Regime.

(d) To correct scriveners' or other errors that do not affect any Owner's interest in his or her Unit or any appurtenance thereto.

(e) So long as Declarant has the right to name all members of the Board of Directors of Clubhouse Condominiums Owner's Association as provided in Section 6.3 above, Declarant may, in its sole discretion, amend the Articles of Incorporation, Bylaws or Rules and Regulations of the Association.

6.5 Declarant's Right to Disclaim. Declarant reserves the right to disclaim any portion of the Annexation Property, described in Exhibit "B", as being subject to annexation. If Declarant decides to disclaim any portion of the Annexation Property, it shall file an Affidavit with the Recorder of Johnson County, Iowa setting forth the legal description of that portion of the Annexation Property which is no longer subject to being annexed into the Condominium Regime.

ARTICLE VII. MANAGEMENT OF THE REGIME

7.1 Association; Council of Co-owners. The operation of the Condominium and the management of the Common Elements shall be by a nonprofit membership corporation organized and existing under Chapter 504A, Code of Iowa. The name of the Association shall be "Clubhouse Condominiums Owners Association". Copies of its Articles of Incorporation and of its Bylaws are attached hereto as Exhibit "C" and Exhibit "D", respectively. Whenever a vote or other action of Unit Owners as a group is required the mechanics of conducting such a vote or taking such action shall be under the control and supervision of the Association. The action of the Association shall constitute the action of the Owners or the Council of Co-owners whenever such action is permitted or required herein or by Chapter 499B of the Code of Iowa.

7.2 Compliance. All owners, tenants, families, guests and other persons using or occupying the Regime shall be bound by and strictly comply with the provisions of the Bylaws of the Association and applicable provisions of other Condominium Documents, and all agreements, regulations and determinations lawfully made by the Association and its directors, officers or agents shall be binding on all such Owners and other persons. A failure to comply with the Bylaws or the provisions of the other Condominium Documents or any agreement or determination thus lawfully made shall be grounds for an action to recover sums due for damages on the part of the Association or any Owners, as applicable, which damages shall include costs and attorney's fees, or injunctive relief or for any other relief authorized by law or in the Condominium Documents, without waiving any other remedy.

7.3 Powers of Association. Each Owner agrees that the Association has and shall exercise all powers, rights and authority granted unto it, the Council of Co-owners, and the Owners as a group by Chapters 504A and 499B of the 2003 Code of Iowa as amended, and such as are more particularly set forth in the Condominium Documents, including but not limited to the making of assessments chargeable to Owners and the creation of a lien on Units thereof, imposing fines against Unit Owners or tenants for failure to comply with any provision in the Condominium Documents and the creation of a lien on Units thereof, and to acquire a Unit at

foreclosure sale and to hold, lease, mortgage or convey the same. Each Owner hereby waives any rights to delay or prevent such foreclosure by the Association which he or she may have by reason of a homestead exemption. However, no Unit shall be assessed until construction of the Unit has been completed and an occupancy permit for the Unit has been issued by the City of Iowa City, Iowa.

7.4 Partition. All Unit Owners shall be deemed to have waived all rights of partition, if any, in connection with such acquisition.

7.5 Membership, Voting Rights. The members of the Association shall consist of all of the record Owners of Units. Membership shall be held and voting rights shall be determined as set forth in the Articles and Bylaws.

7.6 Restraint upon Assignment. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his or her Unit.

7.7 Board of Directors. The affairs of the Association shall be conducted by a Board of three (3) to five (5) Directors who shall be designated in the manner provided in the Bylaws.

7.8 Discharge of Liability. All Owners shall promptly discharge any lien which may hereafter be filed against his or her Condominium.

7.9 Limitation on Association's Liability. The Association shall not be liable for any injury or damage to property caused by or on the Common Elements or by another Owner or person in the Condominium Regime or by any other means unless caused by the gross negligence of the Association. No diminution or abatement of Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements of the Common Elements or from any action taken to comply with any law, ordinance or orders of a governmental authority.

7.10 Indemnification of Directors and Officers. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a director or officer of the Association, or any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

7.11 Agent to Receive Service of Process. The following person, who is a resident of the State of Iowa, is designated to receive service of process upon the Association:

NAMEADDRESS

Michael J. Pugh

One South Gilbert Street
Iowa City, IA 52240

The Association may change the Registered Agent and Registered Office of the Association without the necessity of amending this Declaration.

7.12 Payment for Use of Saddlebrook Amenities. The general plan of development for the Saddlebrook Properties contemplates there being constructed by each respective developer amenities which may include walking trails, gazebos, play areas, ponds, picnic areas, a clubhouse and associated parking areas and other recreational amenities. The foregoing is not intended to constitute an undertaking by Declarant to construct any particular amenities. It is anticipated that Declarant will enter into a Reciprocal Recreational Use Easement Agreement with the owners of the Saddlebrook Properties and/or their association of homeowners in order to permit the residents of the Saddlebrook Properties on a non-exclusive basis to use such Saddlebrook Amenities. The owners of the Saddlebrook Properties may, but shall not be required to, transfer or assign their rights to the Saddlebrook Amenities to a master association for operation, maintenance and repair. In consideration for any such rights of use that may be so granted to Unit Owners, the Association shall from time to time reimburse such master association or the owner of the land upon which such Saddlebrook Amenities are located a reasonable share of the cost of operation and maintenance of such Saddlebrook Amenities. Such expense shall be established from time to time by Declarant that may be a reasonable flat fee or a fee that is approximately equal a fractional share of the actual cost of operation and maintenance of such Saddlebrook Amenities, including a reasonable sum for management and overhead, based on the total number of property owners enjoying the use of the Saddlebrook Amenities. This fee shall constitute a covenant running with the land and shall be perpetual unless altered, modified or terminated by the Declarant, in its sole discretion.

ARTICLE VIII.**MAINTENANCE, ALTERATION AND IMPROVEMENT**

8.1 Definitions. Certain terms used in this Article shall have a meaning as follows, provided any dispute over meanings shall be conclusively decided by the Board of Directors of the Association:

(a) "Maintenance" or "repair" shall mean the act of maintaining, repairing, restoration, renovation, reconstruction, replacement, rebuilding and similar work necessary to preserve a Unit or the property in its original condition as completed.

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

8.2 Maintenance by Association.

(a) The Association shall maintain all Common Elements, whether Limited or General, and shall make assessments therefor as a Common Expense except where maintenance has been specifically made the responsibility of each Unit as set forth below.

(b) The Association shall repair and maintain all easement areas, whether located on-site or off-site that serve and benefit the Condominium Regime or that are otherwise required to be maintained by the Declarant pursuant to separate agreement with the City of Iowa City, Iowa.

(c) The Association shall repair incidental damage caused to a Unit through maintenance by the Association and shall assess the cost thereof as a Common Expense.

(d) If a Unit Owner defaults on his or her responsibilities of maintenance, the Association shall assume such responsibilities and shall assess the cost thereof against the Unit of such Owner and such assessment shall be collectible as if it were an assessment for Common Expenses.

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

8.3 Maintenance by Owner.

(a) Each Unit Owner at his or her own expense shall maintain the interior, including the boundary surfaces, of such Unit and its equipment, shall keep such interior in a clean and sanitary condition, shall do all redecorating, painting and other finishing which may at any time be necessary to maintain his or her Unit, and shall be responsible for the maintenance of all personalty including carpets, furnishings, and appliances within such Unit.

(b) The Owner of each Unit shall be responsible for maintaining the plumbing fixtures within the Unit and heating and air conditioning Unit serving such Unit and all other utilities or portions thereof located within the boundaries of his or her Unit. The Owner shall also, at his or her own expense, keep his or her Unit in a clean and sanitary condition.

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

(d) The Owner of each Unit shall promptly report to the Association any defects or other maintenance needs which are the responsibility of the Association.

8.4 Alterations or Improvements by Owner. No Unit Owner shall make or permit to be made any structural alteration to a Unit or to a Building without first obtaining written consent of the Board of Directors of the Association (which consent may be given by a general rule or regulation) which shall determine the proper insurance of such improvement or other alteration, and the effect of such improvement or alteration on insurance of other property of the Regime. The Board of Directors of the Association shall arrange with such Unit Owner for the payment of the cost of any additional insurance thereby required. Alterations to the exterior of any Building or Common Element shall not be made if, in the opinion of the Board of Directors of the Association, such alteration would be detrimental to the integrity or appearance of the Regime as a whole. Such Owner shall do no act or work which will impair the structural soundness or integrity of the Building or safety of the property or impair any easement. The improvement or alteration of a Unit shall cause no increase or decrease in the number of ownership interests appurtenant to such Unit.

8.5 Alterations or Improvements by the Association. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a common charge.

ARTICLE IX. CONDITIONS OF AND RESTRICTIONS ON OWNERSHIP, USE, AND ENJOYMENT

9.1 Property Subject to Certain Provisions. The ownership, use, occupation, and enjoyment of each Unit and of the Common Elements of the Regime shall be subject to the provisions of the Bylaws and the Articles of Incorporation of the Association, this Declaration, and the Condominium Documents, all of which provisions irrespective of where set forth or classified shall have equal status and shall be enforceable and binding as a covenant, condition, restriction, or requirement running with the land and shall be binding on and enforceable against each and all Units and the Owners thereof and their respective assigns, lessees, tenants, occupants and successors in interest.

9.2 Use of Property. The use of the property shall be in accordance with and subject to the following provisions:

(a) A Unit shall be used or occupied for living or dwelling purposes only, except that the Declarant may use any Condominium or Condominiums in the Regime for a model home site or sites and display and sales office during construction and until the last Condominium is sold by Declarant or until three (3) years from the date of closing of the first sale in the latest annexed phase of the Project, whichever occurs first.

(b) A Condominium may be rented or leased by the Owner or his or her lessee, provided the entire Unit is rented and the lease is in writing. No lease shall relieve the Owner as against the Association and other Owners from any responsibility or liability imposed by the Condominium Documents. All Owners who lease their Condominiums shall promptly notify the Secretary of the Association in writing of the names of all tenants and members of tenants' family occupying such Condominium and shall provide the Secretary of the Association of the address and telephone number where such Owner can be reached.

(c) Nothing shall be altered in, constructed in, or removed from, the Common Elements, Limited or General, except upon written consent of the Board of Directors of the Association, which may be given through regulations of the Association, and further provided that any holder of a first mortgage which acquires possession of a Unit by foreclosure or by deed in lieu of foreclosure shall have the right to post signs for the sale or rental of such Unit until such Unit is sold or a lease is entered into.

(d) No activity shall be allowed which unduly interferes with the peaceful possession and use of the property by the Unit Owners nor shall any fire hazard or unsightly accumulation of refuse be allowed.

(e) No Unit Owner, guest or invitee thereof shall block vehicular access to each Unit's garage by parking vehicles or placing objects within that portion of a common driveway which abuts the Unit's garage door and which provides direct access to the garage. No Unit Owner shall be allowed to install additional parking slabs on any part of the property. Each Unit Owner's guests or invitees will park their own vehicles only on the parking spaces provided within the Regime doing the same in such a manner as to not violate the provisions of this subparagraph. No vehicles may be permanently parked on the unreserved parking spaces within the Regime. Vehicles parked on unreserved parking spaces must be moved at least once every 24 hours. Parking of vehicles shall only be allowed in garages and on unreserved parking spaces as provided herein. However, Unit Owners, their guests and invitees shall be allowed to park vehicles on the driveway directly in front of the garage appurtenant to their Unit.

(f) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common Elements, or which would be in violation of any law.

(g) The Association shall have the authority to adopt Rules and Regulations governing the use of the property and such rules shall be observed and obeyed by the Owners, their guests and invitees. The Association shall have the authority to impose fines against Unit Owners or their tenants for failure to comply with such Rules and Regulations, and such fines, if not timely paid, shall become a lien against the Unit, as provided in the Bylaws.

(h) Agents of or contractors hired by the Association may enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible, provided such entry shall be made with reasonable advance notice to the Owners and with as little inconvenience to the Owners as practicable.

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

(j) A Unit Owner shall be liable to the Association for the expense of any maintenance, repair, or replacement rendered necessary by his or her act, neglect, or carelessness, or by that of his or her family, guests, employees, agents or lessees, which liability shall include any increase in insurance rates resulting therefrom.

(k) No Unit Owner shall be permitted to erect a radio or TV antenna or any other fixture, item, wiring or appurtenance. A Unit Owner may attach a TV satellite dish no larger than 18 inches in diameter to the Unit but the location on the Unit where the dish is to be attached must be within a Limited Common Element for the benefit of the Unit and must be approved in writing by the Board of Directors of the Association prior to installation. In no event will a satellite dish be permitted within any General Common Element.

(l) No Unit shall house a pet except upon written approval of the Board of Directors of the Association set forth in Exhibit "E", paragraph 8 of this Declaration. Any person within the Regime keeping a pet shall immediately clean and remove any messes created or caused by said pet. Further, no unleashed pets whatsoever shall be allowed upon the Limited or General Common Elements. No pets shall be housed outside on Common Elements.

(m) Use of the Common Elements is subject to the non-exclusive use of the Saddlebrook Amenities by the other owners of the Saddlebrook Properties.

9.3 No Waiver. Failure of the Association or any Owner to enforce any covenant, condition, restriction or other provision of Chapter 499B of the Code of Iowa, this Declaration, the Articles of Incorporation or Bylaws of the Association, or the Rules and Regulations adopted pursuant thereto, shall not constitute a waiver of the right to enforce the same thereafter.

ARTICLE X. INSURANCE AND CASUALTY

10.1 General Liability and Property Damage. Comprehensive general liability and property damage insurance shall be purchased by the Board as promptly as possible following its election, and shall be maintained in force at all times, the premiums thereon to be paid by assessments. Prior to the organizational meeting, such insurance shall be procured by Declarant. The insurance shall be carried with reputable companies authorized to do business in the State of

Iowa in such amounts as the Board may determine. The policy or policies shall name as insured all the Owners and the Association. Declarant shall be named an additional insured on such policy or policies until such time as Declarant shall have conveyed all of the Condominium Units in the Condominium Regime. The policy or policies shall insure against loss arising from perils in both the Common Elements and the Units and shall include contractual liability coverage to protect against such liabilities as may arise under the contractual exposures of the Association, and/or the Board.

10.2 Fire and Casualty. Fire and other hazard insurance shall be purchased by the Board as promptly as possible following its election and shall thereafter be maintained in force at all times, the premiums thereon to be paid out of Association assessments. Policies shall provide for the issuance of certificates or such endorsement evidencing the insurance as may be required by the respective mortgagees. The policy, and certificates so issued, will bear a mortgage clause naming the mortgagees interested in said property. The policy or policies shall insure against loss from perils therein covered to all of the improvements in the Condominium Regime, except as may be separately insured. Such policy or policies shall contain extended coverage, vandalism, and malicious mischief endorsements. The improvements to be insured under this clause shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policies or policies shall name as insured all of the Owners, the Association and Declarant, so long as Declarant is the Owner of any of the Units in the Condominium Regime. The Declarant shall notify the insurance carrier of any change in ownership of a Unit until such time as the organizational meeting of the Unit Owners is held, at which time it shall be the responsibility of the Association to notify the insurance carrier of a change in the ownership of any Unit. The policy or policies shall also cover personal property owned in common, and shall further contain waiver of subrogation rights by the carrier as to negligent owners.

10.3 Fire and Casualty on Individual Units. Except as expressly provided in this clause and in section 10.4 herein, no Owner shall separately insure his or her Condominium or any part thereof against loss by fire or other casualty covered by the insurance carrier under section 10.2 herein. Should any Owner violate this provision, any diminution in insurance proceeds resulting from the existence of such other insurance, shall be chargeable to the Owner who acquired such other insurance, who shall be liable to the Association to the extent of any such diminution and/or loss of proceeds.

10.4 Personal Liability on Individual Units. An Owner may carry such personal liability insurance, in addition to that herein required, as he or she may desire. In addition, such fixtures and mechanical equipment located within a Unit such as plumbing fixtures, electrical lighting fixtures, kitchen and bathroom cabinets and counter tops, air-conditioning and water heater together with additions thereto and replacements thereof, as well as the personal property of the Unit Owner, shall be separately insured by such Owner to its full insurable value, such insurance to be limited to the type and nature of coverage often referred to as "Condominium

Unit Owners Insurance". All such insurance separately carried shall contain waiver of subrogation rights by the carrier as to negligent Owners.

10.5 Additional Coverage. The Board may purchase and maintain in force, at the expense of the maintenance fund, debris removal insurance, fidelity bonds, and other insurance and/or bonds that it deems necessary. The Board shall purchase and maintain workmen's compensation insurance to the extent that the same shall be required by law respecting employees of the Association. The Board may also maintain "all risk" insurance coverage on the Condominium Regime to insure against water damage and like kind of casualties.

10.6 Loss Adjustment. The Board is hereby appointed the attorney-in-fact for all Owners to negotiate loss adjustment on the policy or policies carried by the Association.

10.7 Association as Trustee for Proceeds. In the event of damage or destruction by fire or other casualty affecting a Unit or Units, and/or if any portion of the Common Elements is damaged or destroyed by fire or other casualty, all insurance proceeds paid in satisfaction of claims for said loss or losses shall be segregated according to losses suffered by each Unit or Units and/or the Common Elements, and shall be paid to the Association as trustee for the Owner or Owners and for the encumbrancer or encumbrancers, as their interest may appear. Said insurance proceeds, and the proceeds of any special assessment as hereinafter provided, whether or not subject to liens of mortgages or deeds of trust, shall be collected and disbursed by said trustee through a separate trust account on the following terms and conditions:

(a) Partial Destruction of Common Elements. If the damaged improvement is a Common Element, the Board of Directors of the Association may without further authorization contract to repair or rebuild the damaged portion of the Common Element substantially in accordance with the original plans and specifications thereof.

(b) Partial Destruction of Units and Common Elements. In the event of damage to, or destruction of, any Unit or Units with accompanying damage to the Common Elements but the total destruction or damage does not represent sixty percent (60%) or more of the Building and the cost of repairing or rebuilding said damaged area does not exceed the amount of available insurance proceeds for said loss by more than \$15,000.00, the Board of Directors of the Association shall immediately contract to repair or rebuild the damaged portion of the Unit or Units and the Common Elements substantially in accordance with the original plans and specifications. If the cost to repair or rebuild exceeds available insurance by \$15,000.00, the Owners of the individual Units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a duly constituted Owners' meeting held within thirty (30) days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction.

(c) Total Destruction. In the event of sixty percent (60%) or more damage to, or destruction of, the Building by fire or other casualty, the Owners of the individual Units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a

duly constituted Owners' meeting held within thirty (30) days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction, or whether said Project shall be sold; provided, however, that such determination shall be subject to the express written approval of all record owners of mortgages upon any part of the Regime.

In the event of a determination to rebuild or repair, the Board shall have prepared the necessary plans, specifications and maps and shall execute the necessary documents to effect such reconstruction or repair as promptly as practicable and in a lawful and workmanlike manner.

In the event of a determination not to rebuild, the Board shall offer the Project for sale forthwith, at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed, the net proceeds of such sale, and the proceeds, if any, of insurance carried by the Association, and/or by the Owners as a whole on the Project, including coverage on the Units and the Common Elements, except for Unit coverages under section 10.4 herein, shall be distributed proportionately to the Unit Owners in the same proportion that the Unit in which they have an interest shares in the Common Elements, except that where there is a mortgage of record or other valid encumbrance on any one Unit then, and in that event, with respect to said Unit the Association will distribute said proceeds which would otherwise have been distributable to such Unit Owner as follows: first to the record owner of mortgages upon Units and Common Elements in the Regime in satisfaction of the balance currently due on said encumbrances and then the remaining proceeds, if any, to the Unit Owner of record.

(d) Deficiency. In the event that the Common Elements are repaired or reconstructed pursuant to the provisions of (a), (b), or (c) of this clause and there is any deficiency between the insurance proceeds paid for the damage to the Common Elements and the contract price for repairing or rebuilding the Common Elements, the Board shall levy a special assessment against each Owner in proportion to his or her percentage of ownership in the Common Elements to make up such deficiency. If any Owner shall fail to pay said special assessment or assessments, within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance fund, and the remaining Owners shall be entitled to the same remedies as those provided in Article VIII of this Declaration, covering a default of any Owner with respect to the Owner's responsibility for maintenance.

(e) Arbitration. In the event of a dispute among the Owners and/or Mortgagees respecting the provisions of this clause, any such party may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association.

In the event of arbitration, the party requesting the arbitration will give immediate notice thereof to the Board, which shall notify all other Owners and Mortgagees as promptly as possible after the reference to arbitration is made, giving all such parties an opportunity to appear at such arbitration proceedings. The decision of the arbitrator in this matter shall be final and

conclusive upon all of the parties. The arbitrator may include in his or her determination an award for costs and/or attorney fees against any one or more parties to the arbitration.

10.8 Abatement of Common Expenses. The Board is authorized to provide coverage for payment of maintenance charges which are abated hereunder on behalf of an Owner whose Unit is rendered uninhabitable for a peril insured against.

10.9 Review of Insurance Needs. Insurance coverages will be analyzed by the Board, or its representative, at least every year from the date hereof and the insurance program revised accordingly.

ARTICLE XI. MORTGAGEE PROTECTIONS

11.1 Right to Mortgage. Each Unit Owner shall have the right, subject to these provisions, to grant separate mortgages for his or her Unit together with the respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create or cause to be made or created from the date hereof any Mortgage or other lien on or affecting the project or any part thereof, except only to the extent of his or her own Unit and the respective ownership interest in the Common Elements appurtenant thereto.

11.2 Lien Subordination. The lien for common expenses payable by a Unit Owner or fines assessed against a Unit Owner shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. This paragraph shall not be amended, changed, modified, or rescinded without the prior written consent of all Mortgagees of record holding a lien against all or a part of the Project.

11.3 Mortgagee's Rights. Upon written request, any Mortgagee, or insurer or guarantor of any first Mortgage will be entitled to:

- (a) Inspect the books and records of the Association during normal business hours;
- (b) Receive a financial statement of the Association within ninety (90) days following the end of any fiscal year of the Project; and
- (c) Receive written notice of all meetings of the Association and designate a representative to attend all such meetings.

11.4 Insurance Proceeds Upon Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Mortgagee of a Unit will be entitled to timely written notice of such damage or destruction, and no provision of this Declaration or any other document establishing the Project will entitle the Unit Owner or other party to priority over such Mortgagee with respect to the distribution of any insurance proceeds.

Any proceeds from settlement shall be payable to the Owners' Association, for the benefit of the Unit Owners and their Mortgage holders as more specifically set forth in Article X.

11.5 Condemnation. If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise thought to be acquired by a condemning authority, the Mortgagee of a Unit will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provisions of this Declaration or any other document establishing the Project shall entitle the Unit Owner or other party to priority over such Mortgagee with respect to the distribution of the proceeds of any award or settlement. Any proceeds from settlement shall be payable to the Owners' Association, for the benefit of the Unit Owners and their Mortgage holders.

11.6 No Right of First Refusal. The right of a Unit Owner to sell, transfer, or otherwise convey the Owner's Unit will not be subject to any right of first refusal or any similar restriction in favor of the Association.

11.7 Rights of Mortgagees Under Foreclosure. Each Mortgagee who takes possession of a Unit by virtue of foreclosure of the Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the time such holder takes possession of the Unit, except for claims for a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

11.8 Notice to Mortgagee. Upon written request, the holder of a first Mortgage shall be entitled to prompt written notice from the Association of any default in the performance of any obligation under this Declaration, the Articles of Incorporation, the Bylaws, or the Rules and Regulations of the Association, which default is not cured by the Unit Owner within thirty (30) days; notice of lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and any proposed action that requires the consent of a specified percentage of eligible Mortgage holders.

ARTICLE XII. CONDEMNATION

12.1 Condemnation; General. If all or part of the Project is taken or threatened to be taken by condemnation, the Board shall act on behalf of the Association, to represent the Unit Owners in any proceedings, negotiations, settlements, or agreements. Each Unit Owner hereby appoints the Association as attorney-in-fact for this purpose. The expense of participation in such proceedings by the Board shall be a common expense. The Board may obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons as the Board deems necessary or advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Board, acting as trustee, and such damages or awards shall be applied or paid as provided herein.

12.2 Condemnation of Common Elements. If any action is brought to condemn a portion of the Common Elements, the Board shall have the sole authority to determine whether to defend or resist such action, to make any settlement with respect thereto, or to convey such property to the condemning authority in lieu of condemnation. After the damages or awards for such taking are determined, such damages or awards shall be paid to each Unit Owner in proportion to his or her ownership interest. The Board may call a meeting of the Association, at which meeting the members by a majority vote may decide whether to replace or restore insofar as possible the Common Elements so taken or damaged.

12.3 Payment of Awards and Damages. Any damages or awards paid to or for the account of any Unit Owner by the Board, acting as trustee, shall be paid to the Association, for the benefit of the Unit Owners and their Mortgage holders. Any awards shall be applied first to the payment of any taxes or assessments by governmental authority past due and unpaid with respect to that Unit; secondly, to amounts due under any Mortgages; thirdly, to the payment of any unpaid common expenses, fines or special assessments charged to or made against the Unit; and finally to the Unit Owner.

ARTICLE XIII. TERMINATION

13.1 Procedure. The Condominium may be terminated in the following manner, in addition to the manner provided by the Horizontal Property Act:

(a) Destruction. In the event it is determined in the manner elsewhere provided that the Building shall not be reconstructed because of major damage, the Condominium plan of ownership will be thereby terminated in compliance with the provisions of Section 499B.8 of the Code of Iowa (2003), as amended.

(b) Agreement. The Condominium may be terminated at any time by the approval in writing of all of the Owners of the Condominium and by holders of all liens affecting any of the Units by filing an instrument to that effect, duly recorded, as provided in Section 499B.8 of the Code of Iowa (2003), as amended. It shall be the duty of every Unit Owner and his or her respective lien holder to execute and deliver such instrument and to perform all acts as in a manner and form as may be necessary to effect the sale of the Project when at a meeting duly convened of the Association, the Owners of 100% of the voting power, and all record owners of Mortgages upon Units in the Regime, elect to terminate and/or sell the Project.

(c) Certificate. The termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by all Members of the Association and their respective holders of all liens affecting their interest in the Condominium, certifying as to facts effecting the termination, which certificate shall become effective upon being recorded in the office of the Johnson County Recorder in Iowa City, Iowa.

13.2 Form of Ownership after Termination. After termination of the Condominium, the Project will be held as follows:

(a) The property (land and improvements) shall be deemed to be owned in common by the Owners.

(b) The undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Elements and facilities.

(c) Any liens affecting any of the Condominiums shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owner in that property.

(d) After termination, the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided among all the Owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Common Elements; after first paying out of the respective shares of the Owners, to the extent sufficient for that purpose, all liens on the undivided interest in the property owned by each Owner.

ARTICLE XIV. AMENDMENTS AND MISCELLANEOUS

14.1 Procedure. Prior to the sale of the first Condominium, Declarant may amend this Declaration. After the sale of the first Condominium, and except as otherwise provided in this Declaration, including but not limited to sections 2.5 and 14.3 herein, this Declaration may be amended and such amendment shall be made in the following manner:

(a) Notice. 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. Upon written request, holders of a first Mortgage of record shall receive notice of such proposed amendment as provided in the Bylaws of the Association.

(b) Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by any Member of the Association. The resolution must be adopted by at least sixty-seven percent (67%) of all Owners entitled to vote, in person or by proxy; provided, however, no amendment effecting a substantial change in this Declaration or the Bylaws of the Association shall affect the rights of the holder of any mortgage recorded prior to recordation of such amendment who does not join in the execution thereof and who does not approve said amendment in writing.

(c) Bylaws. In the case of an amendment to this Declaration by reason of an amendment to the Bylaws of the Association, then in the manner specified in such Bylaws.

(d) Execution and Recording. An amendment adopted pursuant to (b) or (c) above shall be executed by an officer specifically delegated to do so with the formalities required by Chapter 499B of the Code of Iowa (2003), as amended. Upon the recordation of such instrument in the office of the Johnson County Recorder, the same shall be effective against any persons owning an interest in a Unit or the Regime.

(e) Rules and Regulations. The Rules and Regulations for the Regime, attached hereto as Exhibit "D", may be added to, amended, modified or altered by the affirmative vote of a majority of the Directors of the Association. An amendment to the Rules and Regulations shall be considered an amendment to the Declaration and shall be valid and enforceable upon adoption without recording the same as an amendment to the Declaration.

14.2 Amendment of Ownership Interest. Except with respect to the annexation of Annexation Property as provided in section 2.5 herein, no amendment shall change the percentage of ownership in the Common Elements appurtenant to a Unit, nor increase the Owner's share of the Common Expenses unless the record Owner of the Unit concerned shall affirmatively join in the adopting of such amendment.

14.3 Engineer's Certificate. Amendments to the Engineer's Certificate, in the form set forth in Exhibit "K", attached hereto, for the purpose of showing and incorporating those Units of the Regime whose construction is completed subsequent to the filing of this Declaration may unilaterally be made, executed and filed by the Declarant or the Declarant's engineer.

14.4 Conveyance of Saddlebrook Amenities. All Unit Owners are hereby advised that no representations or warranties have been made by Declarant, the Association, or any builder or other person acting on behalf of the foregoing, with regard to the continuing ownership or operation of any of the Saddlebrook Amenities. The ownership, use and operation of the Saddlebrook Amenities shall be governed under a Reciprocal Recreational Use Easement Agreement. No reported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Saddlebrook Amenities. The ownership or operation of the Saddlebrook Amenities may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any of the Saddlebrook Amenities by the person other than the current owner or operator; (b) the establishment of or conversion of the ownership structure to a master association or similar arrangement or by the homeowners associations of the Saddlebrook Properties, or an entity owned or controlled by its members becomes the owner(s) and/or operator(s) of the Saddlebrook Amenities; or (c) the conveyance of any Saddlebrook Amenities to one or more of Declarant's affiliates, shareholders, employees, or independent contractors. The consent of the Association or any Unit Owner shall **not** be required to effectuate any change in ownership or operation of the Saddlebrook Amenities, for or without consideration, subject to or free of any mortgage, covenant, lien or other encumbrance.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

THE PADDOCK, LLC, an Iowa limited liability company

By: AM Management, Inc., an Iowa corporation
Its Manager

By: _____
Robert Miller, Vice-President

STATE OF IOWA, JOHNSON COUNTY) SS:

This instrument was acknowledged before me on this ____ day of December, 2004 by Robert Miller, Vice-President of AM Management, Inc., Manager of The Paddock, LLC.

Notary Public in and for the State of Iowa

* * * *

The Stables, LLC joins in this Declaration for the sole purpose of consenting to the inclusion of Lot 3, Saddlebrook Addition - Part 1, Iowa City, Iowa, as part of the real property subject to the future annexation into Clubhouse Condominiums, as more particularly set out in Section 2.5 of the Declaration and Exhibit "B" attached hereto.

THE STABLES, LLC, an Iowa limited liability company

By: AM Management, Inc., an Iowa corporation,
Its Manager

By: _____
Robert Miller, Vice-President

STATE OF IOWA, JOHNSON COUNTY) SS:

This instrument was acknowledged before me on this ____ day of December, 2004 by Robert Miller, Vice-President of AM Management, Inc., Manager of The Stables, LLC.

Notary Public in and for the State of Iowa

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

THE PADDOCK, LLC, an Iowa limited liability company

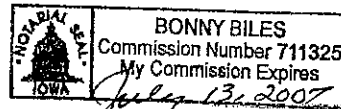
By: AM Management, Inc., an Iowa corporation
Its Manager

By: *Robert F. Miller*
Robert Miller, Vice-President

STATE OF IOWA, JOHNSON COUNTY) SS:

This instrument was acknowledged before me on this 30 day of December, 2004 by Robert Miller, Vice-President of AM Management, Inc., Manager of The Paddock, LLC.

Bonny Biles
Notary Public in and for the State of Iowa



* * * *

The Stables, LLC joins in this Declaration for the sole purpose of consenting to the inclusion of Lot 3, Saddlebrook Addition - Part 1, Iowa City, Iowa, as part of the real property subject to the future annexation into Clubhouse Condominiums, as more particularly set out in Section 2.5 of the Declaration and Exhibit "B" attached hereto.

THE STABLES, LLC, an Iowa limited liability company

By: AM Management, Inc., an Iowa corporation,
Its Manager

By: *Robert F. Miller*
Robert Miller, Vice-President

STATE OF IOWA, JOHNSON COUNTY) SS:

This instrument was acknowledged before me on this 30 day of December, 2004 by Robert Miller, Vice-President of AM Management, Inc., Manager of The Stables, LLC.

Bonny Biles
Notary Public in and for the State of Iowa

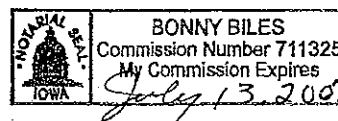


EXHIBIT "A-1"

**Legal Description of Real Estate
Included Within Clubhouse Condominiums
Phase I**

Auditor's Parcel 2004021, as shown on the Plat of Survey recorded in Book 48,
Page 110, records of the Recorder of Johnson County, Iowa.

EXHIBIT "B"

**Legal Description of Real Estate Subject to
Future Annexation Into Clubhouse Condominiums**

Auditor's Parcel 2004092, as shown on the Plat of Survey recorded in Book 48, Page 160, records of the Recorder of Johnson County, Iowa.

Auditor's Parcel 2004093, as shown on the Plat of Survey recorded in Book 48, Page 161, records of the Recorder of Johnson County, Iowa.

Lots 7 and 8, Saddlebrook Addition Part 2, Iowa City, Iowa, according to the plat thereof recorded in Book 42, Page 246, Plat Records of Johnson County, Iowa.

Lot 3, Saddlebrook Addition Part 1, Iowa City, Iowa, according to the plat thereof recorded in Book 37, Page 94, Plat Records of Johnson County, Iowa.

The above described Real Estate is subject to annexation into Clubhouse Condominiums on or before January 1, 2015, but is not a part of and has been specifically excluded from the initial Condominium Declaration for Clubhouse Condominiums.

The maximum number of units to be added to Clubhouse Condominiums after Phase I is Fifty Four (54).

EXHIBIT "C"

**ARTICLES OF INCORPORATION OF
CLUBHOUSE CONDOMINIUMS OWNERS ASSOCIATION**

The undersigned, acting as incorporator of a corporation pursuant to the provisions of the Iowa Nonprofit Corporation Act under Chapter 504A of the 2003 Code of Iowa, as amended, adopts the following Articles of Incorporation for such corporation:

**ARTICLE I.
NAME AND PRINCIPAL OFFICE**

The corporation shall be known as Clubhouse Condominiums Owners Association, and its principal offices shall be located in Iowa City, Johnson County, Iowa.

**ARTICLE II.
CORPORATE EXISTENCE**

The corporate existence of this corporation shall begin upon the date these Articles are filed with the Secretary of State, and the period of its duration is perpetual.

**ARTICLE III.
PURPOSES AND POWERS**

(A) The purpose and objective of the corporation is to provide an entity to conduct the business and affairs of, and to act as or for, the co-owners of that certain Horizontal Property Regime (Condominium) created and submitted pursuant to the provisions of Chapter 499B of the 2003 Code of Iowa, as amended, known as Clubhouse Condominiums, and to be located on certain portion of real estate situated in Iowa City, Johnson County, Iowa.

The corporation shall have all powers and purposes granted or implied to a council of co-owners under the provisions of Chapter 499B of the Declaration of Condominium establishing said Condominium Regime, and all of such powers shall likewise constitute lawful purposes of the corporation.

(B) The purposes of the corporation are exclusively not for private profit or gain and no part of its activities shall consist of carrying on political propaganda or otherwise attempting to influence legislation, and the corporation shall make no distribution of income to its members, directors or officers.

(C) The corporation shall, additionally, have unlimited power to engage in, and to do any lawful act concerning any or all lawful business for which corporations may be organized under the Iowa Nonprofit Corporation Act.

**ARTICLE IV.
REGISTERED OFFICE AND AGENT**

The address of the initial registered office of the corporation is One South Gilbert Street, Iowa City, Iowa, 52240, and the name of its initial registered agent at such address is Michael J. Pugh.

**ARTICLE V.
BOARD OF DIRECTORS**

The number of directors constituting the initial Board of Directors of the corporation is two (2), and the name and address of the person who is to serve as the initial director is:

Name and Address

Steve Gordon	805 South Gilbert Street Iowa City, IA 52240
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Rob Miller	805 South Gilbert Street Iowa City, IA 52240
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The initial Board of Directors shall be subject to removal only by The Paddock, LLC until their term is expired as provided in the Bylaws, but thereafter a director may be removed from office at a special meeting of the members of the corporation in such manner as may be provided by the Bylaws.

**ARTICLE VI.
BYLAWS**

The initial Bylaws of the corporation shall be adopted by its initial Board of Directors, but the power to thereafter alter, amend, or repeal the same or adopt new Bylaws is reserved to the members of the corporation.

**ARTICLE VII.
MEMBERS AND VOTING**

Persons or entities owning Condominium Units submitted to the Regime shall be the members of the corporation, all of which and the rights and obligations thereof shall be governed by the provisions of the Bylaws. The voting rights of the members shall be fixed, limited, enlarged, or denied to the extent specified in the Bylaws.

**ARTICLE VIII.
DISTRIBUTION OF ASSETS UPON LIQUIDATION**

In the event of liquidation, assets, if any remain, shall be distributed to the members in accordance to their proportionate share of ownership in the Condominium Regime, as determined by the Declaration of Condominium and the Bylaws.

**ARTICLE IX.
AMENDMENT**

These Articles of Incorporation may be amended only by the affirmative vote of a majority of the Board, and by the affirmative vote (in person or by proxy) of Members representing a majority of the voting power of the Association. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

**ARTICLE X.
INCORPORATOR**

The name and address of the incorporator is:

Michael J. Pugh

One South Gilbert Street
Iowa City, IA 52240

Michael J. Pugh
Michael J. Pugh, Incorporator

STATE OF IOWA, JOHNSON COUNTY) SS:

On this 30th day of December, 2004, before me, the undersigned, a Notary Public in and for said County, in said State, personally appeared Michael J. Pugh, to me known to be the identical person named in and who executed the foregoing Declaration; and acknowledged that he executed the same as his voluntary act and deed.

Delisa A. Baker
Notary Public in and for the State of Iowa

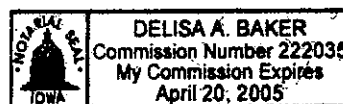


EXHIBIT "D"**BYLAWS
OF
CLUBHOUSE CONDOMINIUMS OWNERS ASSOCIATION****ARTICLE I.
NAME AND LOCATION**

1.1 Name and Location. The name of the corporation is CLUBHOUSE CONDOMINIUMS OWNERS ASSOCIATION, hereinafter referred to as "Association". The principal office of the Association shall be located at the Project, or at such other place as may be designated by the Board.

**ARTICLE II.
DEFINITIONS**

2.1 Incorporation. The definitions contained in the Declaration are incorporated by reference herein.

2.2 Declaration. "Declaration" shall mean and refer to the Declaration of Submission of Property to Horizontal Property Regime for Clubhouse Condominiums and subsequent amendments thereto.

**ARTICLE III.
MEMBERS AND VOTING RIGHTS**

3.1 Members. The Owners of each Condominium Unit shall constitute the members of the Association and membership shall automatically cease upon termination of all interests which constitute a person an Owner. Declarant shall be and have the rights of members with respect to unsold Units. Whenever only one spouse is a record titleholder, the other spouse shall be considered an Owner for the purpose of membership, and shall be bound by the provisions of all Condominium Documents including that provision in relation to the Homestead exemption contained in section 7.3 of the Declaration.

An Owner of record shall be recognized as a member without further action for so long as he or she holds an ownership interest. If ownership is acquired but not of record, or if acquired other than by way of conveyance or other formal instrument of transfer (such as by death, judicial act or dissolution), the person acquiring or succeeding to ownership shall present the Board of Directors of the Association evidence satisfactory to it of facts evidencing lawful ownership status prior to exercise of any rights of membership in the Association. (Failure to provide such evidence shall not, however, relieve an Owner of his or her ownership obligations).

A fiduciary or other official acting in the representative capacity shall exercise all membership rights and privileges of the Owner which he or she represents.

3.2 Voting. If more than one person is the Owner of the same Unit, all such Owners shall be members and remain jointly and severally liable for all membership obligations. In such cases, or if more than one fiduciary or other official is acting in the premises, the votes entitled to be cast by the Owners of that Unit shall be cast by the person named for that purpose on a certificate signed by all such Owners or fiduciaries or other officials and filed with the Secretary and such person shall be deemed to hold an ownership interest to such Unit for purposes of voting and determining the representation of such ownership interest at any meeting or for purposes otherwise provided herein. If such certificate is not executed and filed with the Secretary, such membership shall not be in good standing and the votes for that Unit shall not be considered in considering a quorum or a vote or for any other purposes until this bylaw is complied with.

The Owner of each Unit shall be entitled to one vote on all matters to be determined by the members of the Association either as Owners or as Units or as contemplated by Chapter 499B of the Code of Iowa, as amended, pursuant to the Declaration, including any supplements or amendments thereto, submitting the property to the Regime. Votes of a single Unit may not be divided.

ARTICLE IV MEMBERS' MEETINGS

4.1 Organizational Meeting. The organizational meeting of the members of the Association to elect successors of the initial Board of Directors shall be held four months after 75% of the Units in the Condominium Regime have been conveyed to Unit purchasers.

4.2 Annual Meeting. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at such time as the Board directs.

4.3 Special Meeting. A special meeting shall be held whenever called by the President or, in his or her absence or disability, by the Vice-President, or by any one member of the Board of Directors.

4.4 Written Notice. Written notice of each meeting of the Members, annual or special, shall be given by mailing a copy of such notice, first class mail, postage prepaid, at least ten (10) but not more than ninety (90) days before such meeting to each First Lender requesting such notice and to all Members, addressed to the address of each Member's Unit within the Regime, unless the Member has supplied written direction to the Secretary specifying a different mailing address for the purpose of notice. The Secretary or his or her designate shall give written notice to each Member of the annual meeting called pursuant to section 4.2 hereof.

Whoever requests a special meeting pursuant to section 4.3 hereof, shall give like written notice of such special meeting. All notices shall set forth the time and place and purpose or purposes for which the meeting will be held. No action shall be taken at a special meeting which is not directly related to the purpose or purposes stated in the notice of such meeting. If more than one person is the owner of the same Unit or if more than one fiduciary or one official is acting in the premises, notice to such person shall be deemed to have been given, when in accordance with this paragraph to the person named in the certificate filed with the Secretary in accordance with Section 3.2. Notice of any meeting may be waived in writing by the person entitled thereto.

4.5 Quorum. A quorum at a members' meeting shall consist of Members entitled to cast fifty-one percent (51%) of the total voting power of the Regime. The acts carried or approved by a majority vote of all of the Units represented at a meeting at which a quorum is present shall constitute the acts of the membership unless a different rule is provided herein or by the Articles of Incorporation, the Declaration or other agreement to which the Association is a party. The President, or, in his or her absence or disability the Vice-President, shall preside at each members' meeting; if neither the President nor the Vice-President is able to preside, a chairman shall be elected by the members present at such meeting. If, however, such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote thereat may, unless otherwise provided by law, adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days from the meeting date, at which meeting the quorum requirements shall be one-third (1/3) of the total voting power (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting). The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that twenty-five percent (25%) of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute a quorum. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for annual meetings.

Notwithstanding anything herein to the contrary, for purposes of obtaining membership approval of special Assessments or increases in annual Assessments, a "quorum" means more than fifty percent (50%) of the Members of the Association.

4.6 Proxies. At a membership meeting, a person holding a Member's proxy to vote shall be permitted to cast such Member's vote on all questions properly coming before such meeting, provided such proxy must be in writing and signed by a Member or other person entitled to cast votes, and shall set forth the Unit with respect to which such rights are pertinent, and the period in which the proxy is to be in force and effect. Decision of the Board of Directors as to the sufficiency of any proxy for recognition shall be final and not subject to appeal to the Members.

4.7 Membership and Voting. Members shall be all Owners and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit. Voting rights attributable to Condominiums shall not vest until Assessments have been levied against those Condominiums by the Association. Owners of Condominiums in all phases shall have the same voting rights. A "majority vote" means a majority of votes in the Condominium Regime as a whole, not a majority of votes of Owners in each phase.

4.8 Eligibility to Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Units and not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with section 4.9.

4.9 Record Dates:

A. Record Dates Established by the Board: For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date. The record dates established by the Board pursuant to this section shall be as follows:

(1) **Record Date for Notice of Meetings:** In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(2) **Record Date for Voting:** In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

(3) **Record Date for Other Lawful Action:** In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

B. Failure of Board to Fix a Record Date: If the Board, for any reason, fails to establish a record date, the following rules shall apply:

(1) **Record Date for Notice of Meetings:** The record date for determining those Members entitled to receive notice of a meeting of Members shall be the

business day preceding the day of which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(2) **Record Date for Voting:** The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

(3) **Record Date for Other Lawful Action:** The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relation thereto, or the 60th day prior to the date of such other action, whichever is later.

(4) **"Record Date" Means as of Close of Business:** For purposes of this subparagraph B, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

4.10 Conduct at Meetings. At all meetings, the order of business shall consist of the following:

- (a) Election of Chairman, if required.
- (b) Calling of roll and certification of proxies.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and disposal of any unapproved minutes.
- (e) Reports of officers, if applicable.
- (f) Reports of committees, if applicable.
- (g) Election of Directors, if applicable.
- (h) Unfinished business.
- (i) New Business.
- (j) Adjournment.

ARTICLE V BOARD OF DIRECTORS

5.1 Initial Board. The affairs of the Association shall be managed by an initial Board of two (2) Directors. The initial Board shall consist of such persons as the Declarant may appoint pursuant to the Declaration and need not be members of the Association. The initial Board shall serve until the first annual members' meeting. From and after the first annual meeting of members, the Board of Directors shall be selected from the members of the Association. An officer or designated agent of a partnership or corporate member shall qualify to serve as a Director.

5.2 Board of Directors. At the first annual members' meeting and at each meeting thereafter no less than three (3) and no more than five (5) Directors shall be elected and the term of office of each Director shall extend until the next annual meeting of the members and

thereafter until their successors are duly elected and qualified or until removal in the manner as elsewhere provided.

5.3 Election. Each Director shall be elected by ballot (unless such requirement is waived by unanimous consent) and by a plurality of the votes cast at the annual meeting of the members of the Association. Each person entitled to vote shall be entitled to vote for as many nominees as there are vacancies to be filled by election and each Director shall be elected by a separate ballot unless provided otherwise by unanimous consent of the members. So long as a majority of the voting power of the Association resides in the Declarant, at least one (1) of the incumbents on the Board shall have been elected solely by the votes of the Owners other than the Declarant, in accordance with the following special procedure. The collected ballots shall be segregated between ballots cast by Declarant, and ballots cast by other Members. The ballots received from the other Members shall be counted first, and the person receiving the greatest number of votes from such Members shall be elected to the Board. The votes of Declarant shall then be added to the totals and the persons receiving the highest number of votes (other than the person already elected) shall be elected to the remaining positions on the Board.

5.4 Vacancies. Except as provided in Section 5.5 herein, vacancies on the Board of Directors may be filled until the date of the next annual meeting by a vote of the remaining Directors regardless of whether those remaining constitute a quorum.

5.5 Removal. The initial Director shall be subject to removal only by the Declarant. Thereafter, a Director may be removed by concurrence of three-fourths (3/4) of the members of the Association at a special meeting called for that purpose. The vacancy on the Board of Directors so created shall, be filled by the persons entitled to vote at the same meeting.

5.6 Compensation. The initial Director as well as any other Directors appointed by the Declarant shall serve without compensation. Directors elected by the Members shall receive such compensation and expenses as may be approved by the persons entitled to vote at any annual or special meeting.

5.7 Organizational Meeting. An organizational meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected. No further notice of the organizational meeting shall be necessary.

5.8 Regular Meetings. By a majority vote, the Directors may set the time and place for regular meetings of the Board and no notice thereof shall be required until such resolution is modified or rescinded.

5.9 Special Meetings. Special meetings of the Directors may be called by the President, Vice-President, or any Director, provided not less than two (2) days' notice shall be given, personally or by mail, telephone, or telegraph, which notice shall state the time, place and

purpose of the meeting. The presiding officer of a Director's meeting shall be the President, or in his or her absence, the Vice-President.

5.10 Quorum. A quorum at a Directors' meeting shall consist of three of the five Directors. The acts approved by a majority vote of those present at a meeting duly called at which a quorum is present shall constitute the acts of the entire Board of Directors, except where approval by a greater number of Directors is required by the Declaration or these Bylaws.

5.11 Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the majority of a quorum of the Board.

5.12 Executive Session. The Board may, with approval of a majority of its members present at a meeting in which a quorum is present, by a majority vote of the members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature.

5.13 Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating can hear one another, and all such Directors shall be deemed to be present in person at such a meeting.

5.14 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

5.15 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

5.16 Committees. The Board of Directors, by resolution approved by all members thereof, may designate from among its members such committees as it deems advisable and by resolution provide the extent and manner to which the same may have and exercise the authority of the board.

5.17 Indemnification. The Association shall indemnify any present or former director, officer, employee or other agent of the Association to the fullest extent authorized under Iowa law, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was entitled to indemnification under this provision.

ARTICLE VI. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation, and the documents establishing the Condominium Regime. Such powers and duties of the Directors shall be exercised in accordance with the provisions of the Declaration of Condominium which governs the use of the land, and in addition to those elsewhere provided, shall include but not be limited to the following:

1. The collection of assessments against members for all Common Expenses.
2. Use of the proceeds of assessments in the exercise of its powers and duties.
3. The maintenance, repair, replacement, and operation of the Regime property including all Common Elements and facilities, and Units as applicable, and the making or providing for payment for all such work and approving or delegating to the officers authority to approve vouchers therefore.
4. The reconstruction, repair, restoration, or rebuilding of the regime property and of any Units as applicable after casualty; construction of new improvements or alterations if approved; to make and amend regulations respecting the use and occupancy of the property in the Condominium Regime and to permit or forbid an action or conduct within the discretion committed to them in the Declaration, Bylaws, and resolutions of the members.
5. The enforcement by legal means of the provisions of the Horizontal Property Act, the Articles of Incorporation, Bylaws of the Association, Declaration, and the Rules and Regulations for the use of the property in the regime; and to take legal action in the name of the Association and on behalf of its members.
6. To contract for management of the regime and to delegate to such manager any or all powers and duties of the Association except such as are specifically required by the Declaration, Bylaws or resolutions of the members to have approval of the Board of Directors or the membership of the Association.
7. To employ, designate, and discharge personnel to perform services required for proper operation of the regime.

8. To carry insurance on the property committed to the Regime and insurance for the protection of unit owners, and occupants, and the Association.

9. To pay the cost of all power, water, sewer, and other utility or other services rendered to the Regime and not billed directly to the owners of the individual units.

10. To conduct all votes or determinations of the members other than at a membership meeting.

11. To borrow money from the bank, lending institution or agency for the use and benefit of the Association and to secure the loan or loans by pledge of the assets of the Association, and from time to time renew such loan and give additional security.

12. To make modifications, additions or deletions to the Rules and Regulations of the Regime.

13. To assess fines against Unit Owners or tenants for violating the Rules and Regulations, provided that prior to said assessment, the Board of Directors shall give the Owner and the tenant, if applicable, not less than three (3) but not more than thirty (30) days notice of a hearing at which the Board shall consider said assessment. The Owner and the tenant shall be provided an opportunity to address the Board regarding the proposed assessment. Any fines assessed pursuant to this provision shall constitute a lien on said Unit as provided in section 8.6 herein.

14. To do such other acts as are necessary and proper to effect the purpose of the Regime as stated in the Declaration and these Bylaws, provided such acts are not otherwise prohibited.

ARTICLE VII. OFFICERS

7.1 Officers. The officers of the Association shall be the President who shall be a Director, a Vice-President who shall be a Director, and a Treasurer and Secretary, which offices shall be filled by one person who need not be either a Director or member. All such officers shall be elected annually by the Board of Directors and may be peremptorily removed and replaced by the vote of two-thirds (2/3) of the Directors at any meeting. The initial officers and their successors until the first annual meeting shall be chosen by the initial Board of Directors and shall serve until the organizational meeting of the Members. The Board of Directors may from time to time create and fill other offices and designate the powers and duties thereof. Each officer shall have the powers and duties usually vested in such office, and such authority as is committed to the office by the Bylaws or by specific grant from the Board, but subject at all times to the provisions of the Bylaws and to the control of the Board of Directors.

7.2 President. The President shall be the chief executive officer of the Association. He or she shall preside at all membership meetings and meetings of the Board of Directors and shall have power to appoint committees from among the members to assist in the conduct of the affairs of the Association and the Regime.

7.3 Vice President. The Vice-President shall preside over the membership meetings in the absence or disability of the President, and shall otherwise exercise the powers and duties of the President in the event of the absence or disability of the President and shall generally assist the President and exercise such other powers and duties as are prescribed by the directors.

7.4 Secretary. The Secretary shall keep the minutes of all proceedings of membership meetings and Directors' meetings and shall have custody and control of the Minute Book of the Association and shall keep or be in charge and control of the records of the Association.

7.5 Treasurer. Treasurer have control of the funds and other property of the Association and shall keep the financial books and records thereof.

7.6 Compensation. The compensation of all officers and employees shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee, nor the contracting with a Director for management of the Regime.

7.7 Instruments Affection Real Estate. Any instrument affecting an interest in real property may be executed by the President or Vice-President and one other officer upon authorization of the Directors or in such manner as the Directors may otherwise direct.

ARTICLE VIII. FISCAL MANAGEMENT

8.1 Budget. The Board of Directors shall adopt a budget for each fiscal year (which shall be the same as the Association's fiscal year for Income Tax purposes) which shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the following accounting categories according to good accounting practices:

(a) Current expenses which shall include all funds and expenditures to be made for the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance of 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, destruction, depreciation or obsolescence.

8.2 Assessments. The Board of Directors shall assess against each Unit and the Owners thereof shall be liable for, a share of the items in the budget adopted pursuant to paragraph 1 equal to such Unit's pro rata share of common expenses as set forth in the Declaration. Such share shall be assessed annually in advance for the fiscal year for which the budget was prepared, and notice of such assessments shall be mailed or delivered not less than thirty (30) days prior to the first day of such fiscal year. Such assessment shall be due and payable from the respective Unit Owner or Owners in twelve (12) equal installments, each installment being due and payable the first day of each calendar month, within such fiscal year. In the event notice of such assessment is not timely given, the amount of such assessment will not change but the due date for each installment which would otherwise be due and payable less than thirty (30) days from the giving of such notice, shall be due and payable on the due date of the first installment which is due after thirty (30) days from the date such notice was mailed or delivered. In the event the annual assessment proves to be insufficient, the budget and assessments, therefore, may be amended at any time by the Board of Directors. Such amended budget may be adopted at a special Directors' meeting upon an affirmative majority vote of the Directors. The additional amount so budgeted shall be assessed to each Unit in the same manner as assessments for the annual budget and shall be prorated among the remaining installments due and payable in such year.

Any fines assessed against a Unit by the Board of Directors shall be due and payable in full from the Unit Owner within thirty (30) days from the date notice of said assessment was mailed or delivered to the Unit Owner.

8.3 Special Assessments. Assessments for common expenses for emergencies and extraordinary expenditures, which cannot be paid from the annual assessments for common expenses and maintenance funds shall be made only after notice of the need thereof to the Unit Owners. After such notice and upon approval in writing by persons entitled to cast more than one-half (1/2) of the votes in the condominium, the assessments shall become effective, and shall be due in such manner as the Board of Directors may require after thirty (30) days' notice thereof. In the event any expenditure for repair or replacement of any Unit or common elements cannot be paid from annual assessments but can be at least ninety percent (90%) paid from insurance proceeds therefore, such expenditures may be made upon approval of the Board of Directors without approval of the members and an amended budget and assessment may be made therefore if necessary.

8.4 Payment for Use of Saddlebrook Amenities. The general plan of development for the Saddlebrook Properties contemplates there being constructed by each respective developer amenities which may include walking trails, gazebos, play areas, ponds, picnic areas, a clubhouse and associated parking areas and other recreational amenities. The foregoing is not intended to constitute an undertaking by Declarant to construct any particular amenities. It is anticipated that Declarant will enter into a Reciprocal Recreational Use Easement Agreement

with the owners of the Saddlebrook Properties and/or their association of homeowners in order to permit the residents of the Saddlebrook Properties on a non-exclusive basis to use such Saddlebrook Amenities. The owners of the Saddlebrook Properties may, but shall not be required to, transfer or assign their rights to the Saddlebrook Amenities to a master association for operation, maintenance and repair. In consideration for any such rights of use that may be so granted to Unit Owners, the Association shall from time to time reimburse such master association or the owner of the land upon which such Saddlebrook Amenities are located a reasonable share of the cost of operation and maintenance of such Saddlebrook Amenities. Such expense shall be established from time to time by Declarant that may be a reasonable flat fee or a fee that is approximately equal a fractional share of the actual cost of operation and maintenance of such Saddlebrook Amenities, including a reasonable sum for management and overhead, based on the total number of property owners enjoying the use of the Saddlebrook Amenities. This fee shall constitute a covenant running with the land and shall be perpetual unless altered, modified or terminated by the Declarant, in its sole discretion.

8.5 Default. If an Owner shall be in default of a payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to such Owner, and thereupon the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to such Owner either personally or by registered or certified mail. Interest shall be computed and due on balances due under this paragraph but unpaid on such due date at the maximum rate of interest allowable by law from the date such balance becomes due and payable in accordance with the preceding sentence; such interest shall be in addition to any other payments for which said owner is liable.

8.6 Mortgagee Notice. The holder of a mortgage on any Unit, upon its filing written request with the Association, shall be given written notice by the Association of the nonperformance of a mortgagor's obligations under these Bylaws, the Declaration or other Condominium Documents, which is not cured within thirty (30) days.

8.7 Liens. All sums assessed but unpaid, including but not limited to, interest, with respect to a Unit or against a Unit Owner shall constitute a lien on such Unit prior to all other liens except:

- (a) Tax liens on the unit in favor of any assessing Unit and special district;
- and
- (b) All sums unpaid on the first mortgage of record.

Said lien may be foreclosed by the Association in the manner and with the consequences provided in Section 499B.17 of the Code of Iowa, as amended, in which event the Owner shall be required to pay a reasonable rental for the Unit. In the event the Association forecloses on any lien, the Owner or Owners of such Unit, by their membership in this Association, specifically waive any rights to delay or prevent foreclosure which he, she or they may have

against the Association by reason of the Homestead exemption. The Association may sue for money judgment for unpaid assessments and interest or sums due without foreclosing or waiving any lien which it holds.

8.8 Foreclosure. If a mortgagee or purchaser of a Unit obtains title as a result of foreclosure of a first mortgage, neither such mortgagee nor purchaser nor their successors or assigns, shall be liable for the assessments chargeable to such Unit due prior to the acquisition of title, and such unpaid assessments shall thereafter be deemed to be common expenses collectible from all Unit Owners including the mortgagee or purchaser, and their successors and assigns. The Owner of a Unit pursuant to a voluntary conveyance or by inheritance or devise shall be jointly and severally liable with the grantor or prior Owner for all unpaid assessments against the grantor or prior Owner, but without prejudice to the rights of such grantee or devisee to recover from the grantor the amounts paid therefore. The grantee or other successor in interest of an individual subject to a levy of an assessment on account of default shall be liable for any such special assessment.

8.9 Depository. 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 the accounts shall only be by checks signed by such persons as are authorized by the Directors.

8.10 Audit. An audit of the accounts of the Association may be made annually by a certified public accountant and if such audit is made a copy of the report shall be furnished to each member not later than sixty (60) days after the close of the fiscal year for which the report is made.

ARTICLE IX. AMENDMENT

9.1 Amendment. These Bylaws may be amended, altered, repealed or new Bylaws adopted by the members at a regular or special meeting of the members upon the affirmative vote of sixty-seven percent (67%) of all votes entitled to be cast; provided, however, no amendment effecting a substantial change in these Bylaws shall affect the rights of the holder of any mortgage recorded prior to recordation of such amendment who does not join in the execution thereof and who does not approve said amendment in writing.

9.2 Notice. No amendment may be adopted at either a special or regular membership meeting not included in the notice thereof, except if notice of the proposed amendment has been given, an amendment relative to the same subject may be adopted by those present, in person or by proxy and possession of the requisite percentage of membership and voting interests; provided further, no vote by proxy may be counted unless the proxy expressly provides for such contingency. Notice referred to herein shall be given in the manner prescribed in section 2.3 of these Bylaws and shall be given to the persons described in section 2.4, and the holder of any first mortgage of record which has notified the Association of its interests not more than fifty

(50) days nor less than thirty (30) days before the date such meeting will be held. More than one proposed amendment may be included in the notice of a meeting.

9.3 Recording. To the extent provided by Section 499B.14 of the Code of Iowa, 2003, as amended, no modification nor amendment to these Bylaws shall be effective unless set f Condominium, executed and recorded in the manner set forth in the Declaration and an amendment to these Bylaws shall constitute an amendment to the Declaration as provided for by law. Upon such recording, said amendment shall be effective against all persons having an interest in a Unit or the Regime regardless of whether said person had such interest at the time said amendment was adopted.

ARTICLE X. MISCELLANEOUS PROVISIONS

10.1 Invalidity. The invalidity of any portion or provision of these Bylaws shall not affect the validity of the remaining provisions or portions hereof.

10.2 Corporate Seal. The Association shall not have or employ a corporate seal.

10.3 Bonds. The Board of Directors may require fidelity bonds from all Directors, officers, or agents handling or responsible for Association funds and the expense of such bonds shall be common expense of the Association.

10.4 Rules and Regulations. The Association shall promulgate such Rules and Regulations as it deems to be in the best interest of all Owners within the Regime. The initial Board of Directors shall adopt the initial Rules and Regulations which may be added to, amended, modified or altered by the affirmative vote of not less than sixty percent (60%) of the Directors of the Association. Such Rules and Regulations, as amended, shall be binding upon all members, guests, and agents of members. An amendment to the Rules and Regulations shall not constitute an amendment to the Declaration and shall be valid and enforceable upon adoption without recording the same as an amendment to the Declaration.

10.5 Records. The Association shall at all times maintain separate and accurate written records of each Unit and Owner and the address of each, and setting forth the status of all assessments, accounts and funds pertinent to that Unit and Owner. Any person other than a Unit Owner may rely on a certificate made from such records by an officer or agent of the Association as to the status of all assessments and accounts.

10.6 Liens. Each member shall have the obligations as such member as are imposed on him or her by the Regime documents as an Owner, and no member shall have any power or authority to incur a mechanic's lien or other lien effective against the Regime property except as the same may attach only against his or her interest therein.

10.7 Evidence of Membership. The Board of Directors may, in its discretion, issue written evidence of membership, but the same shall be evidence thereof only and in no manner shall be transferable or negotiable, and the share of the member in the assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as appurtenant to such assignment, hypothecation or transfer of the Unit.

10.8 Common Elements. Each Owner or lessee of his or her Unit, as applicable, shall have a right to use and enjoy the Common Elements provided that such use shall be limited to the uses permitted by the Declaration of Condominium and other governing documents of the Regime.

10.9 Condominium Documents. The Association, through its Board of Directors and officers, shall make available to all members during ordinary business hours copies of the Condominium Declaration and all exhibits thereto, including the Articles of Incorporation, Bylaws, minutes of special or annual meetings of the Association, and copies of periodic financial statements of the Association.

ARTICLE XI. DEFINITIONS

Unless the context otherwise requires, the terms used herein shall have the meanings stated in the Horizontal Property Act, and as follows:

11.1 Person. The term "person" shall include an individual, a corporation, or other legal entity or its representative.

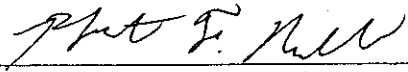
11.2 Owner. The term "Owner" for the purposes of these Bylaws shall mean any person who owns or holds for himself or herself an interest in one or more Units subject to the Regime; provided that the holder of a leasehold interest in a Unit shall not be an Owner; and further provided that the holder of an equitable interest shall be an Owner.

11.3 Unit. The term "Unit" means each Unit subjected to the Regime of one or more rooms intended for use as a residence.

11.4 Common Expenses. The term "Common Expenses" shall include:

- (a) Expenses of administration, expenses of maintenance, operation, repair or replacement of common elements, and the portions of Units to be maintained by the Association.
- (b) Expenses declared Common Expenses by the Declaration or these Bylaws.
- (c) Any valid charge against the Regime as a whole.

11.5 Singular, plural and gender. Whenever the context so permits or requires, the use of the singular shall include the plural, the plural the singular, and the use of any gender shall include all genders.

A handwritten signature in cursive script, appearing to read "Robert F. Miller", is written above a horizontal line.

Secretary

EXHIBIT "E"**RULES AND REGULATIONS**
FOR CLUBHOUSE CONDOMINIUMS OWNERS ASSOCIATION

1. Automobiles may be parked only in the areas provided for that purpose, and shall not be parked in such a manner as to impede or prevent ready access to any entrance to or exit from the Buildings by another vehicle. Furthermore, no boats, snowmobiles, trailers, recreational vehicles, motor homes, or semi trailer trucks shall be parked or stored anywhere in the parking areas or on the premises of the Condominium Regime known as Clubhouse Condominiums.
2. No Unit Owner shall be permitted to erect a radio or TV antenna or any other fixture, item, wiring or appurtenance to the exterior or roof of any building. A Unit Owner may attach a TV satellite dish no larger than 18" in diameter to the Unit but the location of the Unit where the dish is to be attached must be within a Limited Common Element for the benefit of the Unit and must be approved in writing by the Board of Directors of the Association prior to installation.
3. Exterior name places and mailboxes will be installed in a manner uniform and consistent with that of the other Units and approved by the Association.
4. Unit Owners are reminded that alteration and repair of the Buildings is the responsibility of the Association, except for the interior of the Units. No work of any kind is to be done upon the exterior building walls or upon the interior boundary walls without first obtaining the approval of the Association. This includes any landscaping or gardening of any nature within the General Common Elements of the Regime.
5. No Unit Owner shall make or permit any disturbing noises in the buildings, or do or permit anything to be done therein which will interfere with the rights, comforts, or conveniences of other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument or operate or permit to be operated a phonograph, CD player or radio or television or other loudspeaker in such Owners' Unit between the hours of 12:00 Midnight and the following 6:00 A.M., if the same shall disturb or annoy other occupants of the Buildings or adjacent Units.
6. Each Unit Owner shall keep his or her Unit in a good state of presentation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance. Each Unit Owner will keep the areas immediately in front of and in back of his or her Unit free and clear of all trash, papers and debris.
7. Unit Owners shall not cause or permit any unusual or objectionable noises or odors to be produced upon or to emanate from their respective Units.

8. No animals or reptiles of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that a dog, cat or other household pet approved in writing by the Board of Directors of the Association, may be kept in a Unit, provided that it is not kept, bred or maintained for any commercial purpose; and provided further that any such pet which in the opinion of the Board of Directors of the Association is causing or creating a nuisance shall be permanently removed from the property upon three (3) days written notice from the Board of Directors of the Association. No Unit shall house more than one (1) pet, except as approved by the Board of Directors. Pets may be outside only if accompanied by a Unit Owner or lessee and shall only be allowed in areas designated for pets by the Association. Any person within the project keeping a pet shall immediately clean and remove any messes created or caused by said pet. Further, no unleashed pets whatsoever shall be allowed upon the Limited or General Common Elements.
9. No one may use an outdoor fireplace or fire pit of any type.
10. No one may use an outside grill except under the following conditions:
 - (A) Gas grills are permissible on first floor open air patios but not on screened porches or wood decks in the eight (8) plex Buildings. Gas grills are permissible on any first floor open air patio or wood deck appurtenant to a duplex or four (4) plex Building. For those Units that do not have first floor open air patios or wood decks, grills may be temporarily used on the driveways located within the regime. However, grills shall not be permanently stored on any driveway surface.
 - (B) The owner of a Unit where a grill is used must possess a valid liability insurance policy and must provide proof of such insurance to the Association prior to the first use of the grill and anytime after that upon the Association's request.
 - (C) The owner of a Unit, by using a grill on the property, hereby agrees to indemnify and hold harmless the Association against any and all debts, obligations, costs and damages, including attorneys fees, arising from any claims or causes in action, whether in law or equity, which may be asserted against the Association relating to the use of a grill.
11. Trash compactors are located in designated areas within the development and are for owners' refuse disposal. All refuse must be placed in the compactors for periodic pickup. No refuse shall be placed in building hallways, entryways, stairwells, curbside, or any other common area not specifically designated for such use.
12. Minor vehicle repairs, such as changing spark plugs, tires, and batteries will be allowed in the Common Elements. Tires, batteries, etc., must be promptly removed from the site

and disposed of properly. Oil Changes, muffler replacements, brake, transmission, engine and body refinishing work will not be permitted in the Common Elements.

13. Unit owners shall not store any personal property in the common hallways, entryways or stairwells of any Building.
14. The Saddlebrook Amenities (clubhouse, trails, ponds, playgrounds, etc.) are for the nonexclusive use of the Owners and their guest. An Owner must accompany guests at all times while in these areas. Posted regulations for the proper use of all facilities will be observed. All Owners and their guests will use the Saddlebrook Amenities at their own risk. Owners will be held responsible for any and all damages to these areas due to their negligence. Please see the "Clubhouse at Saddlebrook - Rules and Regulations" for additional regulations specific to the clubhouse.
15. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board of Directors of the Association.
16. These Rules and Regulations may be amended, modified or altered only as provided in the Bylaws of Clubhouse Condominiums Owners Association.

These Rules and Regulations have been approved by the Board of Directors of Clubhouse Condominiums Owners Association on the 30th day of December, 2004.

CLUBHOUSE CONDOMINIUMS OWNERS ASSOCIATION

By: Phil F. Mel
President

By: Phil F. Mel
Secretary