

COPY

**BYLAWS OF THE
BROWNSTONES AT THE LEGACY OWNERS ASSOCIATION**

**ARTICLE I.
NAME AND LOCATION**

The name of the corporation is , hereinafter referred to as the "Association". The principal office of the Association shall be located in Warren County, Iowa, but meetings of members and directors may be held at such places within the State of Iowa, as may be designated by the Board of Directors.

**ARTICLE II.
DEFINITIONS**

Section 1: "Association shall mean and refer to Brownstones at The Legacy Owners Association, its successors and assigns.

Section 2: "Brownstones at The Legacy" shall mean and refer to (a), the property described in the Legal Description attached as Exhibit A, and (b) subject to (1) all easements, covenants and restrictions of record, and (2) zoning and other applicable building ordinances.

Section 3: "Common Facilities" shall mean the items designated or to be designated in the Declaration all real property owned by or managed by the Association for the common use and enjoyment of the Owners.

Section 4: "Lot" shall mean and refer to any lot or portion of a lot shown upon any recorded plat or replat of Brownstones at The Legacy, or any portion thereof.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6: "Declaration" shall mean and refer to the Declaration Of Covenants, Conditions, Easements and Restrictions Applicable to the Brownstones at The Legacy in Norwalk, Iowa, dated July 20, 2007 and filed for record in the Office of the Recorder for Warren County, Iowa, on September 17, 2007 in Book 2007 at Page 9182, as the same may be amended from time to time as therein provided.

Section 7: "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation for the Association.

**ARTICLE III.
MEETINGS OF MEMBERS**

Section 1: Annual Meetings. Annual meetings of the Members shall be held for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The first annual meeting of the Members shall be held before December 31, 2005 and each subsequent regular meeting of the Members shall be held each year thereafter, at a date and time set by the Board of Directors.

Section 2: Special Meeting. Special meetings of the Members may be called at any time by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes.

Section 3: Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the persons authorized to call the meeting, by mailing a copy of such notice, postage prepaid, no less than five (5) nor more than fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied to the Member's address last appearing on the books of the Association, or supplied by such Member of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4: Quorum. The presence at the meeting of the Members entitled to cast, or proxies entitled to cast, fifty-one percent (51%) of all the votes of the Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or presented at any meeting, another meeting may be called subject to the same notice requirement. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting at which the fifty-one percent (51%) quorum was not achieved.

Section 5: Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6: Suspension of Voting Rights. A Member's voting rights shall be suspended for any period during which any assessment against the Member's Lot(s) remains unpaid. The Board of Directors may suspend, for a period not to exceed sixty (60) days, a Member's voting rights for any infraction of the Association's published rules and regulations.

Section 7: Notwithstanding the foregoing, Brownstones at The Legacy, LLC shall be the sole voting Member of the Association until such time as Brownstones at The Legacy, LLC and/or its successors and assigns no longer own any portion of Brownstones at The Legacy, or until Brownstones at The Legacy, LLC waives this right to be the sole voting member, whichever first occurs.

ARTICLE IV.
BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1: Number. The affairs of this Association shall be managed by a Board of not less than three (3) or more than five (5) directors elected by the Members. To qualify as a member of the Board of Directors, a person must be an owner or member or officer of an owner or the duly-appointed representative of an owner of land in Brownstones at The Legacy, except if the Board consists of five members, one member of the Board of Directors may be someone not a member and not an officer or representative of a member.

Section 2: Election and Term of Office. Board members shall be elected by the Members pursuant to Article V of these Bylaws. At the first annual meeting of the Members after the these Bylaws shall become effective, the Directors shall be divided into two classes, each class to be as nearly equal in number as possible, with the term of office of the first class to expire at midnight on December 31, 2008, and the term of the second class to expire at midnight on December 31, 2009. At any meeting of the Members thereafter that changes the number of Directors, the addition or deletion of Directors shall be allocated among the three classes, so that each class remains as nearly equal in number as possible. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires on the upcoming December 31st shall be elected to hold office for a two (2) year term beginning on the January 1st after expiration of such current term and ending on the second December 31st thereafter. Whenever any one or more of the said directors or their successors appointed or elected as herein provided shall die, be removed, be unable to act or resign, or shall cease to have an interest in the above-described property as an owner, an officer of an owner, or a duly-appointed representative of an owner of land Brownstones at The Legacy, then the unexpired term shall be filled for the balance of such unexpired term by appointment of a successor director by majority vote of the then remaining directors, subject to the provisions of Article IV, Section 1 of these Bylaws.

Section 3: Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association with applicable voting rights.

Section 4: Compensation. No director shall receive compensation for any service he/she may render to the Association in his/her capacity as director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: Actions Taken without a Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

**ARTICLE V.
NOMINATION AND ELECTION OF DIRECTORS**

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

Section 2: Election. At all elections for directors, every Owner shall have the right to vote in person or by proxy, one vote for each Lot of record owned and/or fraction of a Lot of record owned in excess of one-half of such Lot for each director position as there are directors to be elected. Such vote shall be cumulative, that is, each Member may give one candidate as many votes as the number of votes held by the member, multiplied by the number of directors to be elected, or such cumulative total number of votes may be distributed on the same principle among as many candidates as owner shall see fit.

**ARTICLE VI.
MEETINGS OF DIRECTORS**

Section 1: Regular Meetings. Regular meetings of the Board of Directors may be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board, and shall be held at least annually.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by any two directors, upon twenty-four (24) hours' notice to each director.

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

**ARTICLE VII.
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

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

- A. Adopt and publish rules and regulations governing the use of the Common Facilities;
- B. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;
- C. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.
- D. Declare the office of a member of the Board of Directors to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- E. Employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties.

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

- A. Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- B. Supervise all agents and employees of this Association, and to see that their duties are properly performed;
- C. As more fully provided in the Declaration, to:
 - 1. fix the amount of the assessment against each Lot for each assessment period;
 - 2. send written notice of each assessment to every Owner subject thereto at least thirty (30) days prior to its due date and, if the Board determines desirable, cause notice of such assessment to be recorded; and
 - 3. foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- D. Issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the

issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- F. Cause all employees or agents having fiscal responsibilities to be bonded, as it may deem appropriate; and
- G. Cause the Common Facilities to be maintained.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Offices. The officers of this Association shall be a President and Vice President, who shall, at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may, from time to time, by resolution create.

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

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless such officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve. Each officer's term shall commence on the 1st day of January following the election of officers, and shall expire at midnight on the 31st day of December in such year.

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

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

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

Section 7: Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. Otherwise, no person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8: Duties. The duties of the officers are as follows:

President

- A. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolution of the Board are carried out; shall co-sign all promissory notes; and shall perform such other duties as provided in these By-Laws or by the Board of Directors.

Vice President

- B. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- C. The Secretary shall record the votes and keep the minutes of all meetings and proceeds of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- D. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX.

WRITTEN INSTRUMENTS, LOANS, CHECKS AND DEPOSITS, MERGERS

Section 1: Written Instruments - Real Property. All transfers, conveyances, leases, encumbrances or assignments of any real or personal property or of an interest thereon shall be executed by the President or Vice President and attested by the Secretary or Treasurer.

Section 2: Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances. The Association may mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 3: Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Association shall be signed by two Directors or such agents of the Association as shall be determined and authorized by resolution of the Board of Directors.

Section 4: Drafts. All corporate funds not otherwise employed shall be deposited to the credit of the Association at such banks, savings and loans, credit unions, trust companies or other depositories as the Board of Directors may select.

ARTICLE X. BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI. ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII. CORPORATE SEAL

The Association shall not have a corporate seal.

ARTICLE XIII. INDEMNIFICATION

Section 1: Indemnification: Third Party Actions. Except for any prohibition against indemnification specifically set forth in these bylaws in Chapter 504A, Code of Iowa, at the time indemnification is sought by any Member, director, employee, volunteer or agent of the Association, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether

civil criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a Member, director, employee, or volunteer of the Association, or is or was serving at the request of the Association as a Member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (such serving as a director, employee or agent of the Association or at the request of the Association referred to herein as "serving on behalf of or at the Association's request"), against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2: Indemnification; Further Provisions. If a Member, director, employee, volunteer or agent of the Association has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys fees) actually and reasonably incurred by him or her in connection therewith. Any other indemnification (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that the indemnification of such person is proper because he or she has met the applicable standard of conduct set forth in Section 1; such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceedings, or (2) in a written opinion by special independent counsel selected by the Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceedings, or (3) if the requisite quorum of the full Board of Directors cannot be obtained through disinterested directors, in a written opinion by special independent legal counsel selected by a majority vote of the full Board of Directors in which directors who are parties may participate. Expenses incurred by defending a civil or criminal action, suit, or proceedings may be paid by the Association in advance of the final disposition of such action, suit or proceedings as authorized in the manner provided in this Section 2 upon receipt of an undertaking by or on behalf of such person that such person believes in good faith that he or she has met the applicable standard of conduct set forth in Section 1 and that such person will repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified as authorized herein. The indemnification and advancement of expenses provided herein shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any provision in the Articles of Incorporation, the Bylaws, any agreement, any vote of members or disinterested directors, or otherwise, both as to actions in the person's official capacity entitling the person to indemnification and advancement of expenses under these provisions and as to actions in other capacities concurrently held by those seeking indemnification or advancement of expenses. However, no person shall be provided indemnification by any provision of the Articles of Incorporation or Bylaws, by any agreement,

or otherwise, for any breach of a duty of loyalty to the Association or its Members, for any act or omission not in good faith or which involves intentional misconduct or knowing violation of the law, or for any transaction from which the person derives an improper personal benefit. The indemnification provided herein shall continue as to a person who has ceased to be a Member, director, officer, employee, volunteer or agent and shall inure to the benefit of the heirs, executors, personal representatives and administrators of such a person. The Board of Directors shall have power to purchase and maintain insurance on behalf of any person who is or was serving on behalf of or at the Association's request against any liability asserted against him and incurred by him in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions hereof.

**ARTICLE XIV.
AMENDMENTS**

Section 1: Method. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members with voting rights present in person or by proxy.

Section 2: Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

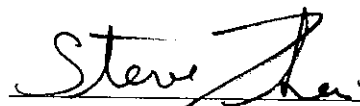
**ARTICLE XV.
MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the initial directors of the Brownstones at The Legacy Homeowners Association have hereunto set their hands this 22nd day of October, 2007.



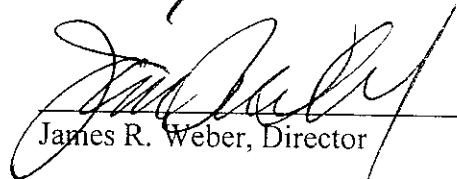
Dan D. Dutcher, Director



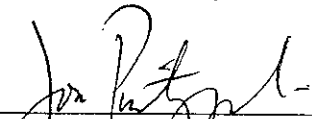
Steve Theis, Director



Jennifer L. Drake, Director



James R. Weber, Director



Joe Pietryszynski, Director

EXHIBIT A
LEGAL DESCRIPTION

Lot 1 of The Legacy Plat 13, an Official Plat, now in and forming a part of the City of Norwalk, Warren County, Iowa and contains 11.02 acres more or less, and is subject to easement, restriction and covenants of record.

WARREN COUNTY, IOWA
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BOOK 2007 PAGE **9182**
POLLY J. GLASCOCK, RECORDER

DEPUTY

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Prepared by, and when recorded, return to: Jennifer L. Drake, 6900 Westown Parkway, West
Des Moines, Iowa 50266 (515) 280-2057

SPACE ABOVE THIS LINE FOR RECORDER

**DECLARATION OF COVENANTS, CONDITIONS,
EASEMENTS AND RESTRICTIONS
APPLICABLE TO
BROWNSTONES AT THE LEGACY**

THIS DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS APPLICABLE TO BROWNSTONES AT THE LEGACY is made this 20th day of July, 2007, by **BROWNSTONES AT THE LEGACY, LLC**, an Iowa limited liability company, (the "Declarant").

WHEREAS, Brownstones at The Legacy, LLC owns the real property that is currently legally described as:

Lot 1 of The Legacy Plat 13, an Official Plat, now included in and forming a part of the City of Norwalk, Warren County, Iowa,

intends to plat the property into Lots 1 – 167 and Lot A of Brownstones at The Legacy Plat 1, an Official Plat, now included in and forming a part of the City of Norwalk, Warren County, Iowa, substantially in accordance with the Final Plat of Brownstones at The Legacy Plat 1, attached to this Declaration as Exhibit A, and wishes to develop a town home development to be known as Brownstones at The Legacy upon such property; and

WHEREAS, Brownstones at The Legacy, LLC desires to establish and place residential covenants, conditions and restrictions and to reserve certain easements, all as hereinafter specifically set forth, for the benefit of such town home development on the property, which property after recording the Final Plat of Brownstones at The Legacy Plat 1 will be legally described as follows:

Lots 1 – 167 and Lot A, Brownstones at The Legacy Plat 1, an Official Plat, now included in and forming a part of the City of Norwalk, Warren County, Iowa, together with all easements and servient estates appurtenant thereto, and subject to (a) all

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easements, covenants and restrictions of record, and (b) zoning and other applicable building laws, ordinances, rules and regulations, (collectively the "Property").

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any rights, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Brownstones at The Legacy Owners Association that are on file with the Secretary of State of the State of Iowa, as the same may be amended from time to time.

Section 2. "Association" shall mean and refer to Brownstones at The Legacy Owners Association, its successor and assigns, a non-profit corporation organized pursuant to Chapter 504 of the Code of Iowa 2005, as amended.

Section 3. "Association Responsibility Elements" shall mean the following:

- (a) The exterior surface of the Building upon a Lot, excluding windows, doors, stoops, patios, balconies and decks.
- (b) The structural portion of the Building upon a Lot.
- (c) The roof, gutters, downspouts and foundations of the Building upon a Lot, excluding any decks and their access and supports.
- (d) Any common wall between residential structures upon Lots, except the interior surfaces thereof.
- (e) The yard surrounding the residential structure upon a Lot, excluding any gardens, plants or flowers installed by any Owner.
- (f) Driveways and sidewalks.
- (g) Conduits, ducts, plumbing, wiring, pipes and other facilities within the attic or basement of a residential structure that carry any service to more than one Lot.
- (h) Irrigation system.
- (i) Fences and Piers.
- (j) Street Trees.

- (k) The Common Area and Common Elements, including, but not limited to, the private storm and sanitary sewers, storm water drainage and detention areas, the Private alleys, private streets, alley and park lighting and identification signs, entrance monuments and landscaping located in the Common Area or abutting street rights-of-way, except for any gardens, plants or flowers installed by any Lot Owner.

Section 4. "Board of Directors" shall mean and refer to the Board of Directors of Association.

Section 5. "Building" shall mean and refer to any structure containing one or more single-family attached or detached dwelling unit(s) that may be constructed on a Lot or on several Lots and shall include any attached or detached garage building conveyed with the Lot.

Section 6. "Bylaws" shall mean and refer to the Bylaws of Brownstones at The Legacy Owners Association, as adopted by the Board of Directors, as the same may be amended from time to time.

Section 7. "Common Area" shall include the Private Sidewalks, private alleys, private streets, portions of driveways, the signage, entrance feature and landscaping easements, described in Section 5 of Article VIII of this Declaration and any other common area so designated by Declarant.

Section 8. "Common Elements" shall mean all common water lines, sanitary and storm sewers, gas lines, electric lines and other utility service facilities located within the Property that serve more than one Living Unit from the connection between the public utility service and the meter or other point of separation to serve only a specific Living Unit, as well as any development identification signs, entrance monuments and Common Area landscaping, Street Trees, benches, fences, piers, the lawn irrigation system, the common mailboxes, the Private alleys, private streets, public sidewalks abutting the Property, and alley and park lighting, if any.

Section 9. "Declarant" shall mean and refer to Brownstones at The Legacy, LLC their successor and assigns.

Section 10. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions to which the Property are subject, as the same may be amended from time to time.

Section 11. "Federal Mortgage Agencies" shall mean and refer to those federal agencies who have or may come to have an interest in the Property, or any portion thereof, such as the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, or successors to their interests.

Section 12. "Living Unit" shall mean and refer to any portion of a building situated upon a Lot and designed and intended for use and occupancy as a residence by a single family.

Section 13. "Lot" shall mean and refer to Lots 1 through 167 and Lot A, Brownstones at The Legacy Plat 1, Warren County, Iowa, as shown on the Official Plat thereof and any Lots created by any subdivision of any such Lots.

Section 14. "Member" shall mean and refer to those persons entitled to membership as provided in this Declaration, the Articles of Incorporation of the Association and the Bylaws of the Association.

Section 15. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot that is a part of the Property, including contract sellers and vendees (deemed Co-owners), but excluding those having such interest merely as security for the performance of an obligation and excluding those having a lien upon the property by provision or operation of law.

Section 16. "Property" shall have the meaning set forth on Page 1 thereof.

Section 17. "Private alleys" shall mean the alley which is owned by the Association, is located within the Common Area and shall be a Common Element.

Section 18. "Private Street" shall mean the street which is owned by the Association, is located within the Common Area and shall be a Common Element.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREA

Section 1. Obligations of the Association. The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the management and control, for the exclusive benefit of the Owners, of the Common Area conveyed to it and all improvements thereon, including, but not limited to the Common Elements, and shall keep the same in good, clean, attractive and sanitary condition, order and repair in compliance with the standards of sound property management.

No person other than the Owner of a Lot and/or the Owner's invitees shall have the right to enter upon, use or affect an Association Responsibility Element located within a Lot, except that the Association and its designates may enter upon and within a Lot and the Building located thereon at reasonable times for the following purposes:

- (a) Installation, maintenance, repair, removal, replacement or inspection of an Association Responsibility Element or Common Element.
- (b) Enforcement of any provisions of this Declaration or the Articles of Incorporation or the Bylaws or the Association.
- (c) Mowing and maintenance of grass and landscaped areas.
- (d) Removal of snow.
- (e) In the event of an emergency, access within a Living Unit to the extent necessary (a) to determine whether the emergency involves an Association Responsibility Element or Common Element that is the responsibility of the Association, (b) to protect and preserve the Living Unit in the absence or inability of the Owner of such Living Unit to protect his or her own Living Unit, or (c) to protect and

preserve adjacent Living Units or Association Responsibility Elements or Common Elements; provided that the Association shall take reasonable steps to protect and preserve the Living Unit and its contents after such access.

In the event that the need for maintenance or repair of any portion of the Common Area, the improvements thereof, or of any Association Responsibility Elements or Common Elements is caused through the willful or negligent acts of an Owner, or through the willful or negligent acts of the family, guests or invitees of an Owner, the cost of such maintenance or repair, shall be added to and become part of the assessment to which the Owner is subject, shall be a lien upon the Lot and living unit of such Owner, and shall become due and payable upon demand.

Section 2. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which may be delegated to the family members, lessees and guests of every Owner, (subject to any reasonable and nondiscriminatory rules and regulations which may be enacted by the Association), and which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to suspend the voting rights of the Owner for any period during which any assessment against the Owner's Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations; provided, however, that nothing contained in this paragraph shall be deemed to deny an Owner access to and from the Owner's Lot;
- (b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a majority vote of the Members;
- (c) The right and obligation of the Association to maintain sewer and other underground utilities located within the Property;
- (d) The right of the Declarant, its successors and assigns to designate, establish, grant, dedicate, install and/or maintain utility and drainage easements within the Common Area;
- (e) The right of Declarant to maintain a sales office, any number of model Living Units, easements for construction of unsold Lots by Declarant and Declarant's invitees;
- (f) The right, but not the obligation, of Declarant to provide in the Common Area, landscaping, signs, outdoor furniture and recreational equipment, decorative structures and necessary appurtenant utilities;
- (g) The Rules and Regulations promulgated and published by the Association's Board of Directors, the Articles of Incorporation of the Association, and the Bylaws of the Association; and
- (h) The right of the Association to mortgage any or all of the Common Area with the approval of a majority vote of the Members.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it shall convey title to the Common Area to the Association, prior to the sale of the first Lot, by warranty deed, free and clear of all mechanic's liens or any liens or encumbrances whatsoever except covenants, easements, conditions and restrictions of record or created by this Declaration, or granted to the City of Norwalk, Iowa or to the public utility companies furnishing electric service, natural gas service, telephone service, cable television service or data transmission service within the City of Norwalk, Iowa, and subject to a temporary construction easement hereby reserved by Declarant over, through, under and across the Common Area for the purpose of constructing the buildings containing the town homes to be developed upon the Property. The Declarant hereby covenants for itself, its successors and assigns, that it from time to time and as it is subsequently determined, the fee title to the Common Elements that may have been constructed by Declarant, free and clear of all mechanic's liens or any liens or encumbrances whatsoever except covenants, easements, conditions and restrictions of record or created by this Declaration, or granted to the City of Norwalk, Iowa or to the public utility companies furnishing electric service, natural gas service, telephone service, cable television service or data transmission service within the City of Norwalk, Iowa.

Until the construction work on all Living Units within the Property, and appurtenant improvements incidental to said Living Units, is completed, Declarant or its assignee shall have the right to enter upon the Common Area for the purpose of completing such work and performing under applicable warranties.

Section 4. Use of the Common Area. The Common Area shall be used strictly in accordance with the provisions of this Declaration. No Owner shall obstruct or interfere whatever with the rights and privileges of other Owners or the Association in the Common Area, and nothing shall be planted, altered, constructed upon, or removed from the Common Area by an Owner, except by prior written consent of the Board of Directors. If an Owner violates this section, the Association shall have the right to restore the Common Area to the prior condition and charge and assess the cost thereof against the Owner who violates this section and such cost shall become a special assessment and a lien upon the Lot and Living Unit of such Owner and shall become due and payable upon demand. The Association shall have the same rights and powers to collect the cost of such restoration as provided in Article IV for the collection of delinquent assessments. If an Owner interferes with the rights and privileges of another Owner in the use of the Common Area, the Association or the offended Owner may commence an action to enjoin such interference and the prevailing party shall be entitled to recover such reasonable attorneys fees as the Court may allow together with all necessary costs and disbursements incurred in connection therewith.

Section 5. Duration. The Common Area as described in Article I, Section 5, shall not be diminished and shall continue in perpetuity, unless this Declaration is terminated and the Common Areas are partitioned among the Owners and except by approval of all members of the Association subject to the provisions for dedication or transfer in Article II, Section 2(b) above and the right to mortgage in Article II, Section 2(h) above.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership and Voting. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment hereunder. Ownership of a Lot shall be the sole qualification for membership. Subject to provisions of Section 2 of this Article, the Owners of a Lot shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 2. Declarant as Sole Voting Member. Notwithstanding any other provision of this Declaration, Declarant shall be the sole voting Member of the Association for so long as it holds title to any Lot, or until Declarant waives, in writing, its right to be the sole voting Member. As such sole voting Member, Declarant shall have the right to elect all Directors of the Association and to cast all votes as it deems appropriate. Each Owner by acceptance of a deed to a Lot shall be deemed to have released Declarant from all claims with respect to actions taken or not taken while Declarant controls the Association.

Section 3. Board of Directors. The voting Members shall elect a Board of Directors of the Association as prescribed by the Association's By-Laws. The Board of Directors shall manage the affairs of the Association.

Section 4. Suspension of Voting Rights. The Association shall suspend the voting rights of a Member for any period during which any assessment hereunder against the Member's Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

Section 5. Notice of Member's Meetings. Unless the Articles of Incorporation or the By-Laws otherwise provide, written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered no less than five (5) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president or secretary, or the officer or persons calling the meetings, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Member at the Member's address as it appears on the records of the Association, with postage thereon prepaid. So long as Declarant is the sole voting member of the Association, no regular or special membership meeting of the Association need be held.

Section 6. Duration. No dissolution of the Association shall occur unless another association or equivalent entity has been created to succeed to the duties and responsibilities of the Association under this Declaration.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) monthly or annual assessments or charges, (2) special assessments for capital improvements and operating deficits, and (3) special assessments as provided in this Article IV, Article VI and Article VII; such assessments to be established and collected as hereinafter provided. The monthly or annual and special assessments, together with interest, late charges, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the joint and several personal obligation of each person who was the Owner of such property at the time when the assessment fell due. Each Owner shall be responsible for a portion of such expenses equal to one over the number of Units completed for occupancy.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Property and for the improvement, maintenance, repair, replacement, removal and demolition of Association Responsibility Elements, the Common Elements and the Living Units situated on the Property and for other purposes specifically provided herein.

Section 3. Maximum Monthly Assessments. Until January 1, 2008, the maximum monthly assessment for each Unit Owner shall be One Hundred Fifty Dollars (\$150.00) per Lot, plus a pro rata portion of the amount of any real estate taxes and special assessments payable by the Association. Thereafter, the maximum monthly assessment may be increased effective January 1st of each year, beginning January 1, 2008, but such increase shall not be more than twenty percent (20%) greater than the maximum assessment for the previous year for the aggregate of all items included in the monthly assessment, except for insurance, property taxes on the Common Area and reasonable reserves for repair or replacement of Association Responsibility Elements or Common Elements, without a vote of a majority of Members who are voting in person or by proxy, at a meeting duly called for this purpose. The Board of Directors shall fix the monthly assessment at an amount not in excess of the maximum.

A portion of such monthly assessments may be set aside or otherwise allocated in a separate reserve fund for the purpose of providing repair, replacement, removal and demolition of the Common Elements, the Association Responsibility Elements, or any capital improvement that the Association is required to maintain. The Directors of the Association shall be responsible for establishing the funding levels required.

Once the Declarant or Association, as applicable, has given the Owners written notice of any change in the monthly assessment or any special assessment, the Declarant and Association shall not be required to submit monthly statements for assessments to any Owner. All monthly payments (and any special assessments that can be paid on a monthly basis) shall be made on the first of each month. Any special assessments that cannot be paid on a monthly

basis shall be due and paid as stated in the notice of such special assessment, which due date can be no sooner than thirty (30) days after such notice is mailed to the Owners.

Section 4. Special Assessments for Capital Improvements and Operating Deficits; Fines. In addition to the monthly assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement that the Association is required to maintain or for operating deficits that the Association may from time to time incur, provided that any such assessment shall have the assent of a majority of the votes of all classes of Members who are voting in person or by proxy at a meeting duly called for this purpose, with regard to class designation. If the Board of Directors adopts any schedule of fines as a remedy for violation of the rules and regulations of the Association or this Declaration, then the imposition of any such fine after notice and a hearing before the Board of Directors shall be a special assessment against the Owner found to be in violation and the Lot owned by such Owner.

Section 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than five (5) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both monthly and special assessments (except for fines) must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Monthly Assessments: Due Dates. The monthly assessments provided for herein shall commence as to each respective Lot on the date of conveyance to an Owner of a Lot with completed Living Unit constructed thereon and for which a certificate of occupancy has been issued (with a pro rata portion of the monthly assessment being due from the Owner if the closing date is after the first of the month), and on the first of each month thereafter. LOTS OWNED BY THE DECLARANT THAT DO NOT HAVE COMPLETED LIVING UNITS CONSTRUCTED THEREON AND COMPLETED UNITS OWNED BY THE DECLARANT THAT ARE NOT SOLD, LEASED OR OCCUPIED OR THAT ARE USED AS MODEL UNITS OR SALES OFFICES SHALL BE EXEMPT FROM THE ASSESSMENTS DESCRIBED IN THIS ARTICLE IV AND THE ASSESSMENTS DESCRIBED IN ARTICLE VII. The maintenance responsibilities of the Association as to each Lot shall commence concurrently with the commencement of monthly assessments. The insurance assessment provided for in Article VII shall commence as to each Lot on the date of conveyance of said Lot to an Owner (with a pro rata portion of portion thereof for the first month if the closing date is after the first of the month). The Board of Directors shall fix any increase in the amount of the monthly assessment at least thirty (30) days in advance of the effective date of such increase. Written notice of special assessments and such other assessment notices as the Directors shall deem appropriate shall be sent to every Owner subject

thereto. The due dates for all assessments shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in a recordable form signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate from the Association regarding the status of assessments on a Lot shall be binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association.

Any monthly assessment not paid by the fifteenth of the month and any special assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 12% per annum or at the highest rate allowed by Iowa law, whichever is lower. In addition, any such assessment not paid within said time periods shall be delinquent and shall be assessed a late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater. Any such late charge and interest on a delinquent payment shall also be part of the assessment against the Lot and subject to the lien for assessments created by this Declaration. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property in the manner provided for foreclosure of a mortgage, or both, and there shall be added to the amount of such assessment all cost and expenses incurred by the Association in collecting said assessments, including reasonable attorney's fees, whether or not legal action is required in connection therewith. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of the Owner's Lot.

Section 9. Subordination of Assessments Liens. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The assessment shall be paid prior to or at the closing of sale or transfer of any Lot. The sale or transfer of any Lot shall not terminate the assessment lien against such Lot; provided, however, the sale or transfer of any Lot pursuant to the foreclosure of any first mortgage on such Lot (without the necessity of joining the Association in any such foreclosure action) or any proceedings or deed in lieu thereof shall extinguish the lien of all assessments against such Lot that became due prior to the date of such sale or transfer.

ARTICLE V

DECLARANT'S RIGHTS

Declarant reserves the right to use any of the Lots as models and to sell, assign, or conduct other businesses in connection with the construction and development of the project from any of such Lots prior to their being sold. This reservation of right or privilege in Declarant includes, but is not limited to, the right to maintain models, erect signs, maintain an office, staff the office with employees or agents, and to show Lots then unsold. Declarant retains the right to be considered an Owner of any Lot that remains unsold. Declarant also reserves the right to make changes in the number, location, or manner of construction of buildings and other improvements on the Property including, without limitation, the substitution of screened-in porches for decks on certain Lots designated by Declarant; provided, that in all cases, such changes shall be accomplished in a manner consistent with applicable laws and ordinances.

Declarant reserves the right and is hereby vested with the sole control over all Common Area or Common Element landscaping, plantings and the like. Declarant shall have the right to change landscaping within these areas from time to time.

Declarant further reserves the right to convey, or cause the Association to convey, a portion of the Common Area if necessary due to encroachments thereon by any building. Declarant shall also have the right to add additional Lots and Common Areas to the Property

The rights of Declarant shall continue only so long as Declarant owns one or more Lots.

ARTICLE VI

MAINTENANCE

Section 1. Maintenance by Owners. The Owner of each Lot shall furnish and be responsible for, at the Owner's own expense, all maintenance and repairs of Owner's Lot and all maintenance, repair and replacement of all structures, improvements, and equipment located thereon including decorating and replacements within the Owner's Living Unit, including all interior wall coverings, floor coverings and ceiling and wall paint, the heating and air conditioning systems, any partitions and interior walls appurtenant to such Living Unit, all elements of deck spaces and all fixtures and equipment located within the Living Unit, except for the Association Responsibility Elements. The Owner shall be responsible for the maintenance, repair, and replacement of all windows in Owner's Living Unit, the doors leading into the Owner's Living Unit, and all electrical fixtures located on the exterior of the Owner's Living Unit, and any and all other maintenance, repair, and replacements of the improvements, including balconies, on the Owner's Lot unless otherwise provided herein, except that the Association shall be responsible to maintain the paint on the exterior of all exterior doors to a Living Unit and the porch rails. The Owner shall also be responsible for the maintenance, repair, and replacement of all electrical wiring from the main electrical box to the Owner's Living Unit, notwithstanding the fact that such wiring crosses a Common Element or is located off-premises from the Owner's Lot. The Owner shall be responsible for maintaining exterior light fixtures of the Living Unit, including replacement of the light bulbs.

To the extent that equipment, facilities, and fixtures (including fences) within any Lot shall be connected to similar equipment, facilities, or fixtures affecting or serving other Lots, then the use thereof by the Owner of such Lot shall be subject to the rules and regulations of the Association. The authorized representatives of the Association or Board of Directors or the manager or managing agent for the Association shall be entitled to reasonable access to any Lot as may be required in connection with maintenance, repairs, or replacements of or to any equipment, facilities, or fixtures affecting or serving other Lots.

In the event of damage or destruction of part or all of a Living Unit, the Association shall be responsible to repair or replace (a) any damaged or destroyed exterior walls of Living Units, including on the exterior side with an exterior finish substantially similar in appearance and color and with as good or better materials as the exterior materials that existed immediately prior to such damage and destruction (except the Association shall not be required to repair or replace any damaged or destroyed windows, window frames, exterior doors or door frames) and on the interior side of such exterior wall, finishing the wall with dry wall, sanded, taped and primed, (b) any damaged or destroyed common walls between Living

Units, which common walls shall be finished on the interior side with dry wall, sanded, taped and primed, (c) any damaged or destroyed roof, by repairing or replacing such roof, including, on the interior side of ceiling of the top floor of the residence, finishing such ceiling with dry wall, sanded, taped and primed, (d) any damaged or destroyed structural framing, and (e) any damage or destruction to the structural slab on which the Living Unit is located. The Association shall perform such work with materials and in a manner to provide the required fire rated construction between Living Units and on the exterior surfaces of Living Units. The Owner of such Living Unit shall be responsible to make all other repairs or replacements of any damage or destruction to such Living Unit. In the event that, after the Association has completed its repairs and replacements to the Living Unit, the Owner of the Living Unit does not promptly repair or replace damaged windows and exterior doors so as to make the Living Unit weather tight, secure and free from nuisance, then the Association may, but it is not required to, repair or replace such damaged windows and exterior doors in the name of the Owner of such Living Unit and the cost of such repair or replacement of damaged windows and exterior doors shall be added to and become a part of the assessments to which such Lot is subject.

Any repair or replacement of an exterior structure, improvement, or equipment (including, without limitation, electrical fixtures) shall match the original item that it repairs or replaces. All exterior structures, improvements and equipment (including, without limitation, decks and fences) shall be constructed in accordance with local ordinances and building codes.

Section 2. Maintenance of Driveways, Private Alleys, and Private Streets. The Association shall be responsible for the maintenance, including snow removal, repair, and repaving of all driveways, the Private alleys, the private streets, the private sidewalks outside of the fenced areas appurtenant to each Lot and the public sidewalks abutting the Property, and for the maintenance and repair of any pedestrian walkways or sidewalks, excluding stoops located at entrances of any Living Units, constructed or to be constructed within the Property by Declarant for the benefit of all Owners of Lots. Driveways, private alleys, and the private streets, shall be maintained at all times in such manner as to provide ingress and egress, both pedestrian and vehicular, from each Lot to and from a public street or highway. The specification for replacement of any driveways, the Private alleys, private streets, walkways or sidewalks shall be determined by the Board of Directors, or by an architectural committee composed of three (3) or more representatives appointed by the Board of Directors.

Section 3. Maintenance Obligations of Association. In addition to maintenance upon the driveways, Private alleys, private streets, sidewalks, wrought iron fences, irrigation system and the alley and park lights, the Association shall provide all maintenance, repair or replacement of the Association Responsibility Elements and Common Elements, including but not limited to maintenance upon each Lot that is subject to assessment hereunder as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces and other exterior improvements, lawns, shrubs (but excluding any gardens, plants, flowers or shrubs installed by any Owner and excluding stoops, patios, balconies and decks), trees, trash removal and snow removal from the paved portions of the front walks (but excluding the stoops located at the entrances of any Living Unit). In the case of lawns, shrubs, trees, and other elements of landscaping, the Association shall perform all necessary repairs, replacements, and maintenance thereof in a manner consistent with the level of maturity and development of the landscaping at

the time that the repair, replacement, or maintenance activity occurs, except in the case of dead, mature trees, which will simply be removed. In any berm area of the development, the Association shall plant and maintain the berm area in a fashion that satisfies applicable zoning requirements. The Association shall paint the exterior building surfaces of all Association Responsibility Elements and Common Elements and the exterior of all entrance doors into Living Units and porch rails that require paint when the Board of Directors determines such painting is needed to maintain the same. Such exterior maintenance shall not include glass surfaces, doors and doorways, windows, and window frames, or the operability of any garage doors.

Section 4. Responsibility for Willful or Negligent Acts. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessments to which such Lot is subject.

ARTICLE VII

INSURANCE

Section 1. Casualty Insurance. The Association shall purchase a master casualty insurance policy or policies affording property special form coverage insurance for the Association Responsibility Elements in an amount consonant with the full replacement value of any and all such Association Responsibility Elements. The Association shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If deemed advisable by the Association, it may cause such full replacement value to be determined by a qualified appraiser and the cost of any such appraisal shall be included in the monthly maintenance assessment for each Lot on a pro rata basis. Such insurance coverage shall be for the benefit of the Association, each Owner, and, if applicable, the first mortgagee of each Lot.

Such master casualty insurance policy shall (to the extent the same are obtainable) contain provision that the insurer (a) waives its right to subrogation as to any claim against the Association, its Board of Directors, its agents and employees, Owners, their respective agents and guests, and (b) waives any defense against invalidity based upon the acts of the insured; and providing further, if the Board of Directors is able to obtain such insurance upon reasonable terms, that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Owners as hereinafter permitted.

Section 2. Liability Insurance. The Association shall also purchase a master commercial general liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time, but in any event not less than a minimum limit of liability of \$1,000,000.00 combined single limit per occurrence for bodily injury and property damage, \$1,000,000.00 per person for personal injury and advertising injury, \$50,000.00 per fire for fire damage, and \$1,000,000 for non-owned and hired automobiles, together with an aggregate for the preceding coverages of \$2,000,000.00 per policy for bodily injury and property damage. The Association shall also purchase an umbrella insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time, but in any event not less than \$1,000,000 over the preceding liability insurance coverages. Such commercial general liability and umbrella insurance policies shall cover the Association, its Board of Directors, any committee

or organization of the Association or Board of Directors, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Association, all Owners and all other persons entitled to occupy any Lot.

The Association shall obtain and maintain fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association. The Association shall also obtain any other insurance required by law to be maintained, including but not limited to, worker's compensation insurance, and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate, including, but not limited to, directors and officers liability insurance. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Owner, the Association, its Board of Directors and any managing agent acting on behalf of the Association. Each Owner shall be deemed to have delegated to the Board of Directors the Owner's right to adjust with the insurance companies all losses under policies purchased by the Association.

Section 3. Monthly Assessment for Insurance. The premiums for all such insurance hereinabove described shall be paid by the Association and the pro rata cost thereof shall become a part of the monthly assessment described in Article IV, Sections 3 and 4 herein, to which each Lot conveyed by Declarant shall be subject under the terms and provisions of Article VII. *Each Owner shall prepay to the Association at the time the Owner's Lot is conveyed to such Owner an amount equal to thirteen (13) monthly insurance assessments and shall maintain such prepayment account at all times. The Association shall hold such funds in escrow for the purchase of insurance as herein provided or shall use such funds to prepay the premiums of the required insurance.* When any such policy of insurance hereinabove described has been obtained by or on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner or Mortgagee whose interest may be affected thereby, which notice shall be furnished by the officer of the Association who is required to send notices of meetings of the Association.

Section 4. Distribution to Mortgagee. In no event shall any distribution of proceeds be made by the Board of Directors directly to an Owner where there is a mortgagee endorsement on the certificate of insurance. In such event, any remittances shall be to the Owner and the Owner's mortgagee jointly, or in accordance with the terms of any endorsement in favor of said mortgagee.

Section 5. Additional Insurance. Each Owner shall be solely responsible for and should obtain such additional insurance as such Owner deems necessary or desirable at the Owner's own expense affording coverage upon the Owner's personal property, the contents of the Owner's Living Unit, and all components of the Living Unit not included in the Association Responsibility Elements (including, but not limited to, all floor, ceiling and wall coverings and fixtures, betterments and improvements) and the Owner's personal property stored elsewhere on the Property, and for the Owner's personal liability, but all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions for the master casualty insurance policy to be obtained by the Association. Each Owner may obtain casualty insurance at the Owner's own expense upon the Owner's Lot but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Association pursuant to this paragraph due

to proration of insurance purchased by an Owner under this paragraph, the Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Association to be distributed as herein provided.

Section 6. Casualty and Restoration. Damage to or destruction of the Association Responsibility Elements or Common Elements of any Building due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Association and the proceeds of insurance, if any, shall be applied for that purpose. If for any reason the Association chooses not to repair or reconstruct any Association Responsibility Elements or Common Elements of any Building damaged or destroyed by fire or other casualty, the Owner(s) of the affected Lots shall have the right, but not the obligation, to perform such repair or reconstruction and to collect the cost thereof from the Association. The Owner(s) of any Building damaged or destroyed due to fire or any other casualty shall repair or reconstruct all other portions of such Building (other than the Association Responsibility Elements or Common Elements) and shall be entitled to use the proceeds of such Owner's insurance for that purpose.

Section 7. Insufficiency of Insurance Proceeds. If the insurance proceeds received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, the cost for restoring the damage and repairing and reconstructing the Common Area or Common Elements or any Association Responsibility Elements of any Building or Buildings so damaged or destroyed (or the cost thereof in excess of insurance proceeds received, if any) shall be paid by the Association, which shall then have the right to levy a special assessment against all Lots for such deficiency.

For the purpose of Section 6 above, repair, reconstruction and restoration shall mean construction or rebuilding of any Building or Buildings to as near as possible the same condition as it existed immediately prior to the damage or destruction and with the same or similar type of architecture.

Section 8. Surplus of Insurance Proceeds. In the event that there is any surplus of insurance proceeds collectible from the Association's insurance after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Association as a reserve or may be used in the maintenance and operation of the Property. The action of the Board of Directors in proceeding to repair or reconstruct damages shall not constitute a waiver of any rights against Owner for committing willful or malicious damage.

ARTICLE VIII

EASEMENTS AND ENCROACHMENTS

Section 1. Drainage, Utility and Sewer Easements. As noted on the Plat, Declarant has reserved certain areas of the Lots and Common Area for public utility, sanitary sewer and water main line easements. In doing so, it is the intention of Declarant to provide the needed flexibility to itself, for the benefit of all Lots and Owners, to properly install and allow to be maintained and read all electrical, telephone, water, gas, sewer and other utility services (including all lines, pipes, wires, cables, ducts, waterways, etc.) to the Living Units constructed on various Lots. No other improvements or permanent structures (excluding walkways, driveways and fences) shall be placed within such utility easements and any fences so installed shall be and are expressly subject

to the rights (including the right to remove where reasonably necessary without duty of replacement or reimbursement) of any public or private utility to construct, maintain, repair or remove any necessary facilities and the right of Declarant and the Association to provide for and maintain appropriate drainage. Regardless of whether shown on the recorded plat, each Lot shall accept surface water drainage from adjacent Property whether or not located within the Property and each Lot shall have the right to drain its surface water to the adjacent Lots located within the Property.

Section 2. Additional Easement Rights. Declarant reserves unto itself, for the benefit of all Lots and Owners, an easement and full right, title and authority to relocate, alter or otherwise change the location of any drainage, utility, sewer and water easement and to grant such further easements, licenses and rights of way, temporary or permanent, exclusive or non-exclusive, surface or otherwise, as Declarant may deem necessary or appropriate, for ingress, egress, utility and similar purposes on or within any Lot or Lots or any portion of the Property. Declarant further reserves the right to more specifically describe or to change the description of any such drainage, utility, sewer and water easement, or other easement, license or right of way by written instrument, amended Plat or amendment to the Plat recorded in the Office of the Recorder for Warren County, Iowa, and any Owner of any Lot shall take title subject to the rights and easements reserved herein; provided, however, the rights reserved in this Section 2 shall not be exercised in a manner which unreasonably and adversely affects any Building or portion thereof located upon any Lot or any Owner's use or enjoyment thereof or which unreasonably restricts the rights of ingress or egress to any Lot. The rights and easements reserved by Declarant in the Section 2 shall run with the land and Declarant's right to further alter or grant easements shall automatically transfer to the Association when Declarant shall have conveyed the last Lot within the Property.

Section 3. Easement for Access and Maintenance. The Association, its agents and contractors and each Owner shall have an easement and license to, in and over each Lot for the purpose of performing its maintenance obligations and for access to the rear of the Lot owned by such Owner. The Association, its agents, and contractors shall have an easement and license to use hoses, bibs and water from all Lots for the purpose of performing its maintenance obligations provided the Association shall reimburse the Owner for any water costs relating to such usage by the Association or its agents or contractors to the extent that the Owner's water bill for the month of such usage exceeds the Owner's average bill for the immediately three (3) prior months.

Section 4. Easement for Emergency Purposes. An easement is hereby dedicated and granted for use, in the case of an emergency, by emergency vehicles such as fire trucks, police cars, ambulances, etc., and emergency personnel, public and private, over and upon the Private alleys, private streets, any pedestrian walkways or sidewalks, and all Lots for benefit of others.

Section 5. Easements for the Benefit of the Lot Owners. An easement is hereby reserved and granted for the use of all Lots for pedestrian and vehicular ingress and egress over and across the private alleys and private streets. No Owner shall park or allow to be parked any vehicular or other obstruction within the private alleys or private streets so as to prevent access to the driveways, garages or doorways on any Lot that are connected to the private alleys or private streets.

An easement is hereby reserved and granted to each Lot for the balcony attached to the Living Unit on such Lot to hang over the Common Area.

An easement is hereby reserved and granted for the benefit of each Lot served by a sidewalk or pedestrian walkway located in part or in whole in the Common Area for pedestrian ingress and egress purposes over the portion of such sidewalk or pedestrian walkway located on such Common Area. Neither the Association nor any Owner shall obstruct or allow obstructions on any sidewalk or pedestrian walkway that would impair use and access to any Living Unit served by such sidewalk or pedestrian walkway.

An exclusive easement is hereby reserved and granted for the benefit of each Lot over, under, through and across the fenced portion of the Common Area appurtenant to such Lot for the closed loop wells for the ground source heat pump that serves such Living Unit.

An easement is hereby reserved and granted for the benefit of each Lot over, under, through and across the fenced portion of the Common Area appurtenant to such Lot for the Owner of such Lot to plant annual or perennial flowers, but not shrubs or trees, in the flower box provided on the stairway to such Living Unit and in the grassy portion of such area.

An exclusive easement is hereby reserved and granted for the benefit of each Lot over, under, through and across the fenced portion of the Common Area appurtenant to such Lot for the Owner and occupants of the Living Unit on such Lot to use for their own recreation, but subject to such rules and regulations as the Association may from time to time adopt and apply generally to the Owners and occupants of all Living Units.

An easement is hereby reserved and granted for the benefit of each Lot over, through, under and across the remaining areas of the Common Area that are outside of the fenced portions of the Common Area appurtenant to each of the Lots, for the use and enjoyment of the Owners and occupants of each Living Unit, but subject to such rules and regulations as the Association may adopt from time to time and apply generally to the Owners and occupants of all Living Units.

Section 6. General Easements. Each Lot shall be subject to the following easements in favor of the Association and the other Owners:

- (a) Every portion of a structure upon a Lot which contributes to the support of any structure not on the same Lot is burdened with an easement of such support.
- (b) Each Lot is burdened with an easement through the Lot and through the attic and basement of any structure thereon for conduits, duct, plumbing, wiring, pipes and other facilities for the furnishing of utilities and serves to other Lots, including the location of utility meters on one Lot for service to other Lots.
- (c) Each Lot is burdened with an easement of ingress and egress for maintenance, repair and replacement of Association Responsibility Elements or Common Elements by the Association.
- (d) Each Lot is burdened with an encroachment easement for minor encroachments of commons walls due to settling, shifting or inexact location during construction.
- (e) Each Lot is burdened with easements for public utilities and sidewalks as may be shown upon any recorded subdivision plat.

ARTICLE IX

PARKING RIGHTS

Subject to the provisions of Article VIII, Section 5, above, the paved driveway in front of each Owner's garage shall be for the exclusive benefit of such Owner and Owner's guests. No one shall use these parking spaces for parking or storing of boats, snowmobiles, trailers, camping vehicles or other recreational vehicles or for parking of trucks or other commercial vehicles, except temporarily or incidentally for the making of pickup and deliveries to neighboring Lots or for the period of time reasonably necessary to load or unload such boat, trailer, camping vehicle or recreational vehicle. No bicycles, toys or other private property shall be allowed to obstruct any driveway nor shall the same be stored in the open alongside building walls or other locations in public view. No vehicles shall be parked as to impede access from or to any Lot or public street. No fence, barrier or other obstruction of any kind shall ever be placed or constructed so as to impede access from or to any Lot or public street. The Association shall the right to adopt rules and regulations concerning the use of and parking on the Private alleys and private streets, including rules prohibiting all parking on the Private alleys and private streets, and implementing these restrictions on parking in driveways.

ARTICLE X

PARTY WALL

Section 1. General Rules of Law to Apply. Each wall that is built as a part of the original construction of the Living Units upon the Property and placed on the dividing lines between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The Association shall be responsible for repair and maintenance of the part of the party wall that is an Association Responsibility Element and for so long as it has such responsibility, then the provisions of the remainder of this Section and Sections 3 and 4 of this Article shall not apply; however, in the event that the Association no longer exists or has responsibility for repair and maintenance of the party wall, then the costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use and the provisions of Sections 3 and 4 of this Article shall apply.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weather proofing. Notwithstanding any other provision of this Article, an Owner who by such Owner's negligent or willful act causes the party wall to be exposed to the elements shall bear the sole costs of furnishing the necessary protection against such elements.

Section 5. Right of Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE XI

ARCHITECTURAL CONTROL

No building, fence, wall or other structure, except as originally constructed by or on behalf of Declarant, shall be commenced, erected, altered, or maintained upon the Property, nor shall any exterior additional to or change or alteration thereof be made (including screen doors, satellite dishes or similar fixtures), other than by the Board of Directors, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. Any changes in the appearance or the color of any part of the exterior of a Building (including the exterior items for which the Owner is responsible for maintenance pursuant to Article VI, Section 1, hereof) shall be deemed a change thereto and shall require the approval therefore as above provided.

ARTICLE XII

SIGNS AND HOME OCCUPATIONS

Section 1. Signs. No signs of any kind including, but not limited to, rental signs and further including, but not limited to, signs of any nature, kind, or description that identify, advertise or in any way describe the existence or conduct of a home occupation, shall be displayed on any Lot or within any window and visible from the exterior without the prior written approval of Declarant or once Declarant no longer owns any of the Lots, the Board of Directors; provided, however, that an Owner shall be entitled to display on Owner's Lot one (1) "for sale" sign of standard and customary size and materials in connection with attempts by the Owner to market that Lot. Nothing in this Article shall affect the rights of Declarant provided in Article V.

Section 2. Home Occupations. No home occupation shall be conducted or maintained on any Lot other than one which is incident to a business, profession or occupation of the Owner or occupant of any such Lot and which is generally or regularly conducted in another location away from such Lot, provided the same is permitted under the ordinances of the City of Norwalk, Iowa. No child-care service or activity shall be regularly conducted on any Lot, except for incidental childcare activities for the sole benefit of the Owner of the Lot. Nothing contained herein shall be construed or interpreted to affect the activities of Declarant in the sale of Lots or single-family dwellings as a part of the development of the Property.

ARTICLE XIII

ENCROACHMENTS AND EASEMENTS FOR BUILDINGS

Section 1. Encroachment. If, by reason of the location, construction, settling, or shifting of a building, any part of a Building consisting of a Living Unit appurtenant to a Lot (hereinafter in this Article XIII referred to as the "Encroaching Unit") encroaches upon any minor portion of any other adjacent Lot or on the Common Area, then in such event, an exclusive easement shall be deemed to exist and run to the Owner of the Encroaching Unit for the maintenance, use and enjoyment of the Encroaching Unit and all appurtenances thereto, for the period during which the encroachment exists.

Section 2. Easements. Each Owner shall have an easement in common with each other Owner to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities located in or on any other Lot or Living Unit and serving Owner's Lot.

ARTICLE XIV

ADDITIONAL RESTRICTIONS

Section 1. No Lot shall be used except for residential purposes, as defined in the Norwalk Zoning Ordinance as applicable to the zoning district, except for rights of Declarant as provided in Article V. No buildings, structures or sheds shall be erected on any Lot other than the Living Units or replacement thereof.

Section 2. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that pets, specifically dogs and cats may be kept, provided that they are not kept, bred or maintained for any commercial purposes and except that nuisance dogs, such as Rottweilers, Doberman pinchers and pit bulls, are prohibited. The number of pets in each household shall be maintained at a level where they are under complete control and care by the occupant and are of no nuisance from noise, odor or trespass to all other Lots within the Property. Any complaint shall be brought before the Board, which shall have the right to prohibit them from continued habitation on the Lot if further complaints occur. Association may, by rules and regulations, prohibit or further limit the raising, breeding or keeping on any Lot, front lot or rear lot of any pet. Any person owning or keeping a pet shall be responsible for and shall at all times clean up any waste or excrement from such pets on the Commons Areas and Common Elements. Failure to do so in a prompt or responsible manner shall result in a fine or special assessment by the Association against such Lot on which such pet is kept. Owners shall bear full responsibility for animals not under leash. No animal shall be chained or otherwise restrained outside or in the garage. Outside pens or dog runs will not be allowed.

Section 3. No noxious or offensive activities not involving the maintenance of Lots shall be carried on upon any Lot nor shall anything be done thereon that may be or may become an annoyance or a nuisance to the neighborhood; nor shall any Lot be used for any unlawful purpose. Nor shall any Owner cause, or suffer or harbor the source of, any noise or activity that disturbs the peace, comfort and quiet enjoyment of the other Owners or those claiming under or through other Owners.

Section 4. The Owner of each Lot shall keep the same free of weeds and debris. Owners shall be permitted to plant flowers along the back of the townhome within three (3) feet of the foundation. Owners who choose to plant flowers are required to maintain an acceptable

appearance as determined by the Board of Directors. Owners will also be allowed to plant trees and shrubs on their Lot provided written approval is secured from the Association as to the type and location of such planting. Any plantings must consider accessibility of mowers and yard maintenance equipment of the contractors who will be hired by the Association.

Section 5. No trash receptacles and garbage cans shall be permitted to be placed outside of a building or a structure on any Lot. This restriction shall not preclude the placement of waste containers outside of such area on a temporary basis if so required by governmental regulation or terms of contract with a commercial waste collector, on trash pickup days only and not more than twenty-four (24) hours in advance of pickup. If the City of Norwalk does not provide pickup service, then the Owners, individually or collectively, shall contract with only one (1) private trash removal service that is designated by the Board of Directors.

Section 6. No temporary structure, trailer, basement, tent, shack, garage, barn or other building shall be used on any Lot at any time as a residence, either temporarily or permanently.

Section 7. No tower, or television or radio antennae, satellite dish or flag pole shall be placed upon the exterior of a Lot or Living Unit, except that one satellite dish may be placed on each Building containing a set of town homes by a provider as designated by Declarant or the Association. The satellite dishes or parabolic devices shall be mounted on the rear elevation or the rear half of the side elevation only. In no event shall a satellite dish or parabolic device be mounted on the front elevation or the front half of a side elevation.

Section 8. No basketball goal (whether attached to the exterior of a Living Unit or affixed to a free-standing pole), soccer goal, baseball backstop or other similar sporting equipment shall be constructed on any Lot or in the Private alleys or private streets.

Section 9. All unattached sporting equipment, toys, outdoor cooking equipment and other equipment and supplies necessary or convenient to residential living shall be stored on the patio or deck of the Living Unit. Nothing may be erected on or suspended from the exterior of, or hang over, any railings on any of the balconies. The storage or collection of rubbish of any character whatsoever, any material that emits foul or obnoxious odors, the growing of any noxious weed or other noxious substance and the harboring on the source of any noise or activity which disturbs the peace, comfort and serenity of Owners is prohibited. Laundry and clothing shall not be hung outside the Living Unit.

Section 10. Unit Owners shall be individually responsible for utility charges for their respective Living Unit, which they incur for electricity, natural gas, water and sewer services, in the same manner as persons occupying single-family, detached homes.

Section 11. No fence shall be allowed to be constructed on any Lot unless prior written approval from the Board of Directors of the Association has been granted. Any such fence so approved by the Association shall be limited to privacy or decorative fences located around the decks or patios of the Living Units.

Section 12. No personal property shall be stored or left upon a Lot except within the residential structure or garage located upon the Lot. Garage doors shall be kept closed except during times of access to the garage.

Section 13. Nothing shall be altered in, constructed in or removed from the Common Area or Common Elements, except upon written consent of the Board of Directors of the Association, which may be given through regulations of the Association.

Section 14. No boat, snowmobile, recreational vehicle, trailer or other vehicle, other than automobiles shall be stored or parked in any driveway or street, including, but not limited to, the Private alleys or private streets. The Association may, by regulation or rule, limit or prohibit the parking of automobiles on any driveway. In the event of a violation of this provision, the Association may, after reasonable notice, remove such boat, snowmobile, recreational vehicle, trailer or other vehicle.

Section 15. No activity shall be allowed that unduly interferes with the peaceful possession and use of the Property by the Owners nor shall any fire hazard or unsightly accumulation of refuse be allowed.

Section 16. Nothing shall be done or kept in any Lot or in the Common Area or Common Elements which will increase the rate of insurance on the Common Area, Common Elements or the Association Responsibility Elements, without proper written consent of the Board of Directors of the Association. No Owner shall permit anything to be done or kept in his Lot or Common Area which will result in the cancellation of insurance on any Lot or any part of the Common Area, Commons Elements or the Association Responsibility Element, which would be in violation of any law, or which may be or become a nuisance or annoyance to the other Owners.

Section 17. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance modification or repair of property shall be the same as the responsibility for the maintenance and repair of the property concerned.

Section 18. The Board of Directors of the Association shall have the authority to adopt rules and regulations governing the use of Lots, the Common Area, the Common Elements and the Association Responsibility Elements and the penalties for violations of such rules and regulations and the Declaration, and such rules and regulations and the Declaration shall be observed and obeyed by the Owners, their guests, lessees, assigns and licensees.

Section 19. Agents of or contractors hired by the Board of Directors of the Association may enter any Lot when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible, provided such entry shall be made with as little inconvenience to the Owners as practicable, and may enter any Living Unit after prior notice to the Owner, in connection with any maintenance or construction that requires access to or through the interior of such Living Unit; provided no such notice is required in an emergency if the Owner is not readily available.

Section 20. Neither the Owners nor the Association nor the use of the Common Area or the Common Elements shall interfere with the completion of the contemplated improvements and the sale of the Lots by the Declarant. The Declarant may make such use of the unsold Lots and the Common Area and Common Elements as may facilitate such completion and sale, including, but not limited to, the maintenance of a sales office, model home, the showing of the property and the display of signs.

Section 21. No exterior holiday decorations shall be erected more than six (6) weeks prior to the holiday and all exterior holiday decorations shall be removed within three (3) weeks following the holiday. If the Owner of a Lot has not removed such holiday display within the foregoing time periods, and if the Owner of such Lot fails to remove such holiday display within fifteen (15) days after such Owner receives written notice given by certified mail, return receipt requested, or delivered in person, from the Association or from any Owner within five hundred (500) feet of such Lot, the Association or Owner of the applicable Lot within five hundred (500) feet of the offending Lot shall have the right and easement to enter upon the premises and remove and dispose of the holiday display at the expense of the Owner of the applicable Lot where such holiday display is located, and shall have the right of action against the Owner of the applicable Lot for collection of the cost thereof, plus the reasonable costs, including attorney's fees, of collecting such amount, plus interest at the lesser of (a) twelve percent (12%) per annum or (b) the maximum rate allowed by law, from the date such cost is incurred, and shall have a lien against such Lot from the day an affidavit reciting the giving of such notice, the performance of such work and the cost thereof is filed in the Office of the Recorder for Warren County, Iowa, until such amount, plus the reasonable costs, including attorney's fees of collecting such amount and costs of filing of such lien, incurred by the lienholder is paid.

Section 22. No Waiver. Failure of the Association or any Owner to enforce any covenant, condition or restriction, 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 XV

GENERAL PROVISIONS

Section 1. Right of Enforcement. In the event of a violation, or threatened violation, of any of the covenants, conditions and restrictions herein enumerated, Declarant, the persons in ownership from time to time of the Lots and all parties claiming under them, and the Association shall have the right to enforce the covenants, conditions and restrictions contained herein, and shall be entitled to recover reasonable attorney's fees and the costs and expenses incurred as a result thereof.

Section 2. Amendment. Declarant may amend this Declaration at any time without the approval by the other Owners so long as Declarant has any ownership interest in any Lot. Thereafter, this Declaration may be amended or changed at any time by an instrument recorded in the Office of the Recorder for Warren County, Iowa, signed or approved in writing by at least two-thirds of the then Owners.

This Declaration may also be amended by Declarant, if it then has any ownership interest in the Property, at any time within four (4) years after the recordation hereof in order to satisfy the requirements of any of the Federal Mortgage Agencies. Any such amendments shall be recorded and shall be subject to the prior written approval of any of the Federal Mortgage Agencies having an interest in the Property or any portion thereof.

Section 3. Covenants Binding and Running with the Land; Duration. Each of the conditions, covenants, easements, indentures, restrictions and reservations contained in this Declaration shall be binding upon and inure to the benefit of Declarant, the Association, and the

Owners of each Lot in the Property, and their successors and assigns and all parties and persons claiming under any of them, and shall be deemed covenants that run with the land, and shall continue for the applicable periods specified in this Declaration.

The easements granted in or pursuant to this Declaration, any other provisions of this Declaration expressly incorporated in any Section of this Declaration granting such easements to the extent applicable to such easements, and any other covenants, indentures, restrictions and reservations of this Declaration that are reasonably or necessarily incidental to the benefit or burden of such easement rights, including any rights of assessment or for liens for the payment of costs associated therewith, shall continue in perpetuity, unless sooner modified or terminated as provided in this Declaration. The party wall provisions of Article X of this Declaration shall continue in perpetuity.

Except as provided in the preceding paragraph of this Section, the covenants, indentures, restrictions and reservations in this Declaration shall be for an initial period of twenty-one (21) years from the date of recordation in the Office of the Recorder of Warren County, Iowa, and shall automatically extend for successive periods of twenty-one (21) years each unless prior to the expiration of any such twenty-one-year period it is amended or changed in whole or part as hereinabove provided. Invalidity of any of the covenants, conditions and restrictions of this Declaration by judgment of decree shall in no way affect any of the provisions hereof, but the same shall remain in full force and effect.

It is the intent that, notwithstanding anything in the Code of Iowa to the contrary, all of the conditions, covenants, easements, indentures, restrictions and reservations contained in this Declaration shall be covenants running with the land for the full period specified in this Declaration without further action by either Declarant, the Association, or any Owner of any Lot in the Brownstones at The Legacy. However, in the event that Section 614.24 of the Code of Iowa, as the same may be amended or replaced, may require that a verified claim be filed in the Office of the Recorder for Warren County, Iowa prior to the twenty-first anniversary of the date of this Declaration or the twenty-first anniversary of the last filing of such verified claim in order to continue all or some of the covenants of this Declaration, including, but not limited to, any covenant, term, provision or restriction that is or may be considered a use restriction, reversion or right of reverter, in effect throughout the applicable periods specified in this Declaration, then:

(a) the Association, or the Owners of the Lots acting jointly or severally, may file all verified claims necessary to keep all of the conditions, covenants, easements, indentures, restrictions and reservations contained in this Declaration throughout the applicable periods specified in this Declaration, and each Owner of a Lot, by virtue of its acceptance of a deed to such Lot, shall be deemed to have granted a power of attorney to the Association, as the agent or attorney in fact for such Owner, to file such verified claim on behalf of such Owner, which power of attorney is coupled with an interest and irrevocable;

(b) a verified claim filed by the Association or any Owner of a Lot in the Brownstones at The Legacy shall be valid and binding upon the Association and all the then Owners of Units in the Brownstones at The Legacy, (the "Interested Parties"), and their successors and assigns, with the same effect as if executed by all such persons, and in order to facilitate filing of any verified claim required to so continue all or any of the conditions, covenants, easements, indentures, restrictions and reservations contained in this Declaration throughout the applicable periods specified in this Declaration in full force and effect, the

Association and each Owner of a Lot is hereby irrevocably appointed the attorney-in-fact for all of the other Interested Parties for the purpose of filing any such verified claim;

(c) that in the event of any defect in the verified claim or its filing and recording in the Office of the Recorder for Warren County, Iowa, no interested person or anyone claiming, by, through or under an interested person shall be entitled to assert such defect as a basis to avoid its duties and obligations under this Declaration unless, if such defect is in a claim prepared by any interested party, such defect is not corrected within thirty (30) days after notice of such defect to all interested parties;

(d) that in the event an interested party fails or refuses to cooperate to file any verified claim required to continue all or any of the conditions, covenants, easements, indentures, restrictions and reservations contained in this Declaration throughout the applicable periods specified in this Declaration in full force and effect, such interested party hereby waives and shall be deemed to have waived the right to, and be estopped to, assert any failure to file such verified claim as a defense to its duties and obligations under this Declaration; and

(e) that each interested party by acquisition of its interest in the Brownstones at The Legacy or under this Declaration, whether or not expressly provided in any instrument creating such interest, hereby waives its right to assert the failure to file any verified claim required by the Code of Iowa as a legal basis to avoid any duty or obligation upon it and its respective portion of the Brownstones at The Legacy throughout the applicable period specified in this Declaration.

Section 4. Notice to Mortgagees. The Association, upon request, shall provide written notification to any lender holding a first mortgage upon any Lot specifying the defaults of the Owner of such Lot, if any, in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation of the Association, its Bylaws or any other applicable documents which default has not been cured within sixty (60) days. The Owners shall provide, upon request by the Association, the name, address and loan numbers of any mortgage placed upon their property.

ARTICLE XVI

LIMITATION OF LIABILITY

Section 1. Limitation of Liability. Declarant shall not be liable to the Association or any Owner for damages or repairs to:

(a) Any Private alley, private street, sidewalk, driveway, curbs, stoop or other concrete improvement located within the Property, including, but not limited to, cracking or chipping that may occur due to weather conditions; or

(b) Any Living Unit beyond the express warranties set forth in the homeowner's warranty provided to the original Owner of such Living Unit; or

(c) Any appliances within any Living Unit, including, but not limited to, the furnace, air conditioner, stove, oven, microwave, dishwasher, and garbage disposal, beyond the express warranties set forth in the manufacturer's warranty provided to the original owner.

ARTICLE XVII
DISCLAIMER OF WARRANTIES

Section 1. Except for those warranties expressly provided in writing, to the maximum extent permitted by law, Declarant hereby disclaims any and all and each and every express or implied warranties provided by law, as to the design, construction, sound and/or odor transmission, existence and/or development of molds, mildew, toxins or fungi, furnishing and equipping of the Property, including, without limitation, any implied warranties of habitability, fitness for a particular purpose or merchantability, compliance with plans. Each Owner acknowledges that Declarant has not given and the Owner has not relied on or bargained for any such warranties. Each Owner, by accepting a deed to a Unit, or other conveyance thereof, shall be deemed to represent and warrant to Declarant that (i) in deciding to acquire the Unit, the Owner relied solely on such Owner's independent inspection of the Unit and the Property and (ii) the Owner has not received nor relied on any warranties and/or representations from Declarant of any kind, other than as expressly provided for herein.

All Owners, by virtue of their acceptance of title to their respective Units (whether from Declarant or another party) shall be deemed to have automatically waived all of the aforesaid disclaimed warranties and incidental and consequential damages that the Owner would have otherwise had arising out of any breach of any of said waived warranties. The foregoing shall also apply to any party claiming by, through or under an Owner, including a tenant thereof.

All Owners acknowledge that molds, mildews, toxins and fungi, may exist and/or develop within the Unit and/or the Property. Each Owner is hereby advised that certain molds, mildews, toxins and/or fungi may be, or if allowed to remain for a sufficient period may become, toxic and potentially cause a health risk. By acquiring title to a Unit, each Owner shall be deemed to have assumed the risks associated with molds, mildew, toxins and/or fungi and to have released Declarant from any and all liability resulting from same.

Each Owner, by acceptance of a deed or other conveyance of a Unit, acknowledges and agrees that there are various methods for calculating the square footage of a Unit, and that depending on the method of calculation, the quoted square footage of the Unit may vary by not more than a nominal amount. Each Owner acknowledges that actual square footage of a Unit may have changed from the contemplated square footage in connection with the construction of the Units. By accepting title to a Unit, the applicable Unit Owner(s) shall be deemed to have conclusively agreed to accept the size and dimensions of the Unit, regardless of any variances in the square footage from that which may have been disclosed at any time prior to closing. Without limiting the generality of this Article XVII, Declarant does not make any representation or warranty as to the actual size, dimensions or square footage of any Unit.

For as long as Declarant remains liable under warranty, whether statutory, express or implied, for act or omission of Declarant in the development, construction, sale and marketing of Brownstones at The Legacy Project and Units located therein, then Declarant and its contractors, agents and designees shall have the right, in Declarant's sole discretion and from time to time, to enter the Brownstones at The Legacy Project and Units located therein for the purpose of inspecting, testing and surveying same to determine the need for repairs, improvements and/or replacements, and effecting same, so that Declarant can fulfill any of its warranty obligations. Nothing herein shall be deemed or construed as Declarant making or offering any warranty, all of which are disclaimed (except to the extent same may not be) as set forth in this Article XVII.

All manufacturers' warranties will be passed through to the buyer of a Unit at closing with Declarant and all items covered by manufacturers' warranties are expressly not warranted by Declarant.

If the Owner undertakes structural alteration or replacement of components of the Unit, even with consent of the Association, then the Owner hereby agrees that the Owner has waived and relinquished any claim for breach of an implied or statutory warranty for fitness for a particular purpose, merchantability and habitability pertaining to the component altered or replaced by the Owner.

This Declaration, including, but not limited to, this Article XVII shall survive (continue to be effective after) closing of the purchase of any Unit and shall not be merged with the delivery of the title to any Unit at closing.

IN WITNESS WHEREOF, **BROWNSTONES AT THE LEGACY, LLC** and has caused this Declaration to be executed this as of the day and year first above stated.

BROWNSTONES AT THE LEGACY, LLC

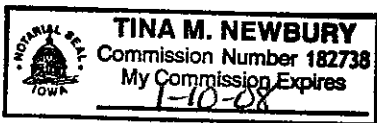
By: **Hubbell Realty Company, Managing Member**

By: *Dan D. Dutcher*
Dan D. Dutcher, Vice President

By: *Jennifer L. Drake*
Jennifer L. Drake, Assistant Secretary

STATE OF IOWA)
)SS.
COUNTY OF DALLAS)

On this 20th day of July, 2007, before me the undersigned, a Notary Public in and for the State of Iowa, personally appeared Dan D. Dutcher and Jennifer L. Drake, to me personally known, who, being by me duly sworn, did say that they are the Vice President and Assistant Secretary, respectively, of Hubbell Realty Company, the Managing Member of **BROWNSTONES AT THE LEGACY, LLC**, an Iowa limited liability company, executing the within and foregoing instrument; that said corporate Managing Member and said limited liability company have no seal; that the instrument was signed on behalf of said corporate Managing Member by authority of its Board of Directors and on behalf of the limited liability company by authority of the Members; and said Dan D. Dutcher and Jennifer L. Drake, as such officers, acknowledged the execution of the instrument to be the voluntary act and deed of the corporate Managing Member and the limited liability company, by each entity and by them voluntarily executed.



Tina M. Newbury
Notary Public in and for the State of Iowa

**MORTGAGEE'S CONSENT TO THE DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS APPLICABLE TO THE
BROWNSTONES AT THE LEGACY**


KNOW ALL MEN BY THESE PRESENTS: that, Liberty Bank, F.S.B. is the present owner of the Mortgagee's interest in that certain Mortgage, granted by Brownstones at The Legacy, LLC, an Iowa limited liability company, as Mortgagor, to Liberty Bank, F.S.B., as Mortgagee, dated December 27, 2006, and filed for record in the Office of the Recorder for Warren County, Iowa on December 28, 2006, in Book 2006 at Page 13443, and that certain Construction Mortgage, granted by Brownstones at The Legacy, LLC, an Iowa limited liability company, as Mortgagor, to Liberty Bank, F.S.B., as Mortgagee, dated March 28, 2007, and filed for record in the Office of the Recorder for Warren County, Iowa, on April 7, 2007, in Book 2007 at Page 3330, (collectively, the "Mortgages") which Mortgages create a lien on the real property legally described as:

Lot 1 of The Legacy Plat 13, an Official Plat, now included in and forming a part of the City of Norwalk, Warren County, Iowa.

Liberty Bank, F.S.B. hereby consents to the within and foregoing Declaration of Covenants, Conditions, Easements and Restrictions Applicable to Brownstones at The Legacy, Norwalk, Warren County, Iowa (the "Declaration"), and agrees that the lien of its above-described Mortgages is subordinate to the easements and appurtenant rights created in the Declaration.

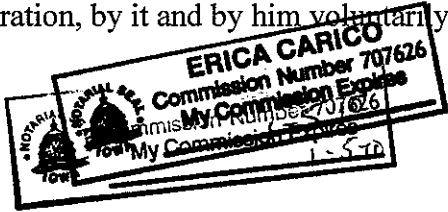
Dated this 17 day of July, 2007.


LIBERTY BANK, F.S.B., Mortgagee

By: 
John T. Walker, Jr., Vice President

STATE OF IOWA)
) SS.
COUNTY OF DALLAS)

On this 17 day of July, 2007, before me the undersigned, a Notary Public in and for the State of Iowa, personally appeared John T. Walker, Jr., to me personally known, who, being by me duly sworn, did say that he is the Vice President of **LIBERTY BANK, F.S.B.**, executing the within and foregoing instrument; that the instrument was signed on behalf of said bank corporation by authority of its Board of Directors; and said John T. Walker, Jr., as such officer, acknowledged the execution of the instrument to be the voluntary act and deed of the corporation, by it and by him voluntarily executed.




Notary Public in and for said State