

**WELSH VILLAGE FIRST ADDITION,
PART 1 and PART 2 HOMEOWNERS' ASSOCIATION**

BYLAWS

ARTICLE I

MEMBERSHIP AND VOTING RIGHTS

1. Every person or entity who is the owner of a fee or of the equitable title to a lot, when purchasing under a contract, in Welsh Village First Addition Part 1 and Part 2, Johnson County, Iowa, according to the plats thereof recorded in Plat Book 39, page 320, and Plat Book 40, page 255, respectively, Plat Records of Johnson County, Iowa, shall be a member of the Welsh Village Homeowners' Association (the "Association"). For the purpose of determining membership, such ownership will be deemed to have vested upon delivery of a duly executed deed or contract to the grantee or vendee. The legal title retained by a vendor selling under a contract shall not qualify such vendor for membership. Foreclosure of a contract or repossession for any reason of a lot sold under contract shall terminate the vendee's membership, whereupon all rights to such membership shall vest in the vendor. Membership shall include an undertaking by the lot owner to comply with and be bound by the Articles of Incorporation of this Association, these Bylaws and amendments thereto, and the policies, rules and regulations adopted by the Association in accordance with these Bylaws.
2. Members shall be all the owners as defined in Paragraph 1 of this Article,. Members shall be entitled to one vote for each lot in which they have held the interest required for membership by Paragraph 1 for a period of at least seven days prior to the date of any meeting at which a vote of the membership will occur. When more than one person holds such interest in any lot, all such persons shall be members and the vote for such lot shall be exercised as they may among themselves determine, but in no event shall more than one vote be cast with respect to any lot.
3. The membership rights (including voting rights) of any member may be canceled or suspended if such member shall have failed to pay when due any assessment or charge imposed upon him or her as hereinafter provided, or if the member, the member's family, tenants, or guests of any thereof, shall have violated any rule or regulation of the Board of Directors regarding the use of any property or conduct with respect thereto.

ARTICLE II

MEETINGS OF MEMBERS

1. Annual meetings of the members of the Association shall be held in Johnson County, Iowa, during the month of October on a date to be determined annually by the Board of Directors for the purpose of hearing any reports from Association officers and electing a board of directors to serve for the ensuing year. In addition, the members may transact

such other business as shall properly come before such meeting, including approval of the budget for the next fiscal year. The fiscal year for the Association shall be November 1 to October 31. The time and place of the annual meeting shall be fixed by the Board of Directors.

2. Special meetings of the members may be called at any time by the President, or by the written request of a majority of the members of the Association.
3. Written notice stating the place, day and hour of any meeting of members shall be given by the Secretary of the Association and delivered either personally or by ordinary mail or e-mail to each member at the last address provided by such member entitled to vote at such meeting not less than five days before the date of such meeting. In lieu of written notice, the Secretary may obtain the written waiver of notice of any meeting of the members from each member entitled to vote at such meeting.
4. A majority of the members entitled to vote, represented in person or by written proxy, including electronic voting, shall constitute a quorum for the transaction of business at any meeting of the members.
5. All proxies shall be in writing and filed with the Secretary at or prior to the commencement of the meeting. Written proxies may be designated by signed hard copy or electronically. Any proxy given by a person who shall not be a qualified member at the date of the meeting and any proxy given more than 11 months before the date of the meeting shall be void.

ARTICLE III

BOARD OF DIRECTORS

1. The affairs of the Association shall be managed by the Board of Directors, elected by the members of the Association at the regular meeting.
2. The Board of Directors of the Association shall consist of not less than five voting members, nor more than seven voting members including the officers. The first elected Board of Directors shall hold office for staggered terms with three of the directors holding office for a two-year term, two of the directors holding office for a three-year term and two of the directors holding office for a four -year term. Thereafter each director shall hold office for a two-year term and until his or her successor shall have been elected and qualified. The Association webmaster shall be a non-voting member of the Board of Directors.
3. The Board of Directors of the Association shall meet a minimum of once per year.
4. Special meetings of the Board of Directors may be held whenever called by the President by giving three-days' notice, in writing, including by e-mail, orally, or by telephone, to each director. A majority of the directors may request the President to call a special meeting, and being so requested the President shall immediately call said meeting by giving three-days' notice to each director, or in lieu thereof, to obtain a written waiver of

notice of said meeting from each director.

5. A majority of the directors of the Association shall constitute a quorum for the transaction of business at any meeting of the Board. Director participation and attendance may be via telephone, e-mail or the Web.
6. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles of Incorporation, or by these Bylaws.
7. In the case of any vacancy in the Board of Directors by reason of death, resignation, removal, or other cause, the remaining directors may elect or appoint a successor to fill such vacancy until the following annual election of directors by the members.
8. The Board of Directors shall provide for the administration of the Association, the maintenance and upkeep, including the maintenance and replacement of the equipment and improvements thereon of the Outlots A, B and C to the Welsh Village Subdivision ("Common Areas"), and the collection and disbursement of the Common Expenses and Assessments (as defined in Article V herein). These duties include, but are not limited to:
 - A. repair and replacement of the improvements in the Common Areas;
 - B. procuring of utilities used in connection with the Common Areas;
 - C. landscaping of the Common Areas;
 - D. assessment and collection from the members of the members' pro rata share of the Common Expenses and Assessments;
 - E. preparation of an annual budget, a copy of which will be provided to each member or posted to the Association website at the same time notice of the annual meeting is given;
 - F. providing annually to the members a full accounting of all receipts and expenditures incurred in the prior year; such accounting shall be provided to each member at a date to be determined by the Board, but no later than the date of the annual meeting of the Association; ;
 - G. keeping a current, accurate and detailed record of receipts and expenditures affecting the Common Areas, specifying and itemizing the Common Expenses and Assessments; all records and vouchers shall be available for examination by a member at any time during normal business hours. All records and vouchers shall also be available for examination by the holder of any first mortgage lien on any lot at any time during normal business hours.
9. The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

- A. to employ a managing agent or a real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;
 - B. to purchase for the benefit of the members such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;
 - C. to procure public liability and property damage insurance and Workers' Compensation insurance, if necessary, for the benefit of the members and the Association;
 - D. to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;
 - E. to include the costs of all of the above and foregoing as Common Expenses and Assessments and to pay all of such costs therefrom;
 - F. to consent to amendments to the Protective Covenants and Restrictions as therein provided;
 - G. to adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation and enjoyment of the Common Areas, all consistent with those requirements of the Protective Covenants and Restrictions for this subdivision.
 - H. to open and maintain a bank account or accounts in the name of the Association; and
 - I. to perform such duties as are consistent with the Protective Covenants and Restrictions.
10. The authority of the Board of Directors to enter into contracts shall be limited to a total dollar amount not to exceed the amount of the total approved annual budget without obtaining the prior approval of a majority of the members except contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received or for expenditures expressly set forth in the proposed annual budget approved by the members at the annual meeting. At no time shall the Board of Directors authorize any indebtedness that would require a special assessment of the members without the prior approval of a majority of the members.
11. The Association shall indemnify any person, his or her heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by the Director in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which

it shall be adjudged in such action, suit or proceeding. No Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of the Director's duties where, acting in good faith, such Director relied on the books and records of the Association or statements or advice made by or prepared by the Managing Agent of the Association or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that the Director failed or neglected to attend a meeting or meetings of the Board of Directors.

ARTICLE IV

OFFICERS

1. The officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer, and such other officers or assistant officers as the Board of Directors shall determine.
2. The officers shall be members of the Board of Directors and shall be elected annually at a general annual meeting of the Board of Directors. The officers shall serve for a period of one year thereafter and until their successors are duly elected and qualified, except that the terms of the initially elected officers may be for two, three or four years as set forth in Article III.2.
3. The President shall be the chief executive officer of the Association and shall have the general control over the affairs and business of the corporation, subject to the direction of the Board of Directors. The President shall execute all deeds, leases, conveyances, agreements and contracts authorized by the Board of Directors and shall perform such additional duties as may be prescribed from time to time by the Board of Directors or the Articles of Incorporation or Bylaws of the Association. The President shall preside at all meetings of the members and of the Board of Directors.
4. The Vice-President shall perform and discharge the duties of the President in the President's absence for any cause whatever under the direction of the Board of Directors, and shall perform such other duties as may be assigned by the Board of Directors.
5. The Secretary shall keep a record of all votes and minutes of the proceedings of all members and Directors' meetings, and shall give notice as required by these Bylaws of all special meetings of members and Directors. The Secretary or designee shall have the custody of all books, records and papers of the Association. The Secretary shall have alternate signature authority for all bank accounts of the Association, in the absence of the Treasurer for any cause.
6. The Treasurer of the Association shall keep account of all monies and valuables in the name of and to the credit of the Association in such bank or banks and depositories as may be designated by the Board of Directors. The Treasurer shall have signature

authority for all bank accounts of the Association. The Treasurer shall have the custody of all financial records of the Association and shall record the names and addresses of all members of the Association.

7. In the case of any vacancy of an officer by reason of death, resignation, removal, or other cause, the remaining directors may elect or appoint a successor from the Board of Directors to fill such vacancy until the following annual election of officers by the Board of Directors.

ARTICLE V

ASSESSMENTS AND BUDGET

1. Annually, after the close of each fiscal year the Board shall cause to be provided to each member an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding calendar year. The financial statement shall be provided to each member at a date to be determined by the board, but no later than the date of the annual meeting of the Association.
2. Annually, on or before the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing fiscal year estimating the total amount of the Common Expenses (hereinafter defined) for the ensuing year and provide a copy of such proposed budget to the members no later than the annual meeting. The annual budget shall be presented to the members at the annual meeting of the Association. At the annual meeting of the members, the budget may be approved in whole or in part or may be amended in whole or in part by a majority of the vote; provided, however, that in no event shall the annual meeting of the members be adjourned until an annual budget is approved at such meeting.
3. The Regular Assessment. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each lot. Following the adoption of the annual budget, each member shall be given written notice of such assessment against each respective lot (herein called the "Regular Assessment"). The Regular Assessment against each lot shall be paid annually and shall be due November 1 of each year. Payment of the Regular Assessment shall be made to the Association. The Regular Assessment for the year shall become a lien on each separate lot as of November 1 of each calendar year.
4. The Common Expenses shall include but are not limited to, the following:
 - A. the expenses, costs and charges incurred in connection with the administration, operations and management of the Association and Common Areas;
 - B. the cost of maintenance, repair, replacement and restoration of the Common Areas, or any part thereof;
 - C. the cost of all insurance premiums on all policies of insurance required to be or which

have been obtained by the Board of Directors pursuant to the provisions of the Bylaws;

- D. such amounts as the Board of Directors may deem proper for the operation, management, and maintenance of the Common Areas, including, without limitation, an amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year; and
 - E. any other expense lawfully agreed upon.
5. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without approval of the Owners, unless otherwise provided by these Bylaws, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each lot in a uniform manner (herein called "Special Assessment"). Any Special Assessment for new improvements within the Common Areas must be approved by a vote of 51% of the members.
 6. Each member shall be personally liable for the payment of all Regular and Special Assessments. Where the member constitutes more than one person, the liability of such persons shall be joint and several. If any member shall fail, refuse or neglect to make any payment of any Regular or Special Assessment when due, the lien for such Assessment on the member's lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. In any action to foreclose the lien for Assessments, the member and occupant shall be jointly and severally liable for the payment to the Association of reasonable rental for such lot, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular or Special Assessment. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular or Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the owner of the respective lot. Any member who has not paid the Assessments due shall not be entitled to vote on any matter coming before the Association.
 7. Every member shall promptly perform all maintenance and repair within his or her own lot, which, if neglected, would affect the value of the property. The Association is not responsible for said maintenance and repair to the lot. Such maintenance and repairs include, but are not limited to, internal water lines, appliances, gas lines, telephones, air conditioning, doors, windows, lamps and all other accessories belonging to the member and appurtenant to the lot.
 8. The Association, in performance of its maintenance duties, may, from time to time, make use of the external water outlets and faucets on the various lots; provided, however, that

the Association may do so only if it provides monitoring for the amount of water used and reimburses the member whose outlet or faucet is used for the amount of water consumed by the Association in the performance of its duties within 90 days from the date or dates of use.

ARTICLE VI

AMENDMENT OF BYLAWS

1. These bylaws shall only be amended by a 51% majority of the members entitled to vote, represented in person or by proxy.

ARTICLE VII

CORPORATE SEAL

1. The corporation shall not have a seal.

Secretary

4/18/2007