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All expenses incurred in connection with the maintenance of Association Property, including but not limited to, real estate taxes, repair expenses and upkeep shall be deemed a Common Expense of the Association and shall be paid as herein provided.

#### XVII. BYLAWS

The operation of the Time-share Property shall be governed by the Bylaws of the Association attached hereto as Exhibit C and made a part hereof.

The Bylaws may be amended in the manner provided for therein, but no amendment to said Bylaws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Time-share Estate, or which would change the provision of the Bylaws with respect to such mortgages, without the written approval of all mortgagees of record. No amendment shall change the rights and privileges of the Developer without the Developer's written approval.

#### XVIII. INSURANCE PROVISIONS

##### A. INSURANCE

1. Purchase of Insurance: The Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements to the Time-share Property, together with such other insurance as the Board of Directors of the Association deems necessary in and for the interest of the Association, all Unit owners and their mortgagees, as their interests may appear, in an amount which shall be equal to the maximum insurable replacement value as determined annually; and the premiums for such coverage and other expenses in connection with said insurance shall be assessed against the Unit owners as part of the Common Expense. The named insured shall be the Association, individually and as agent for the Unit owners, without naming them, and as agent for their mortgagees. Notwithstanding the certain types of insurance and amounts of coverage required to be obtained pursuant to this Article, in obtaining insurance the Board of Directors may consider such factors as availability of types of insurance and the market for insurance premiums in deciding which type of insurance and the amounts of coverage to obtain.

Provisions shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of unit owners. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the insurance trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance trustee. Unit owners may obtain insurance coverage at their own expense upon their own

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BYLAWS  
OF  
SUNRISE COVE TIME-SHARE ASSOCIATION, INC.  
(an Iowa corporation not for profit)

ARTICLE I.                    IDENTITY

The Association whose name appears at the end of this instrument is an Iowa corporation not for profit, organized and existing under the laws of the State of Iowa for the purpose of administering (but not exclusively) the Time-share Program created by the Declaration of Time-Share Program to which these Bylaws are attached; and the following Bylaws shall govern the operation of said Time-Share Programs and Association.

Section 1.            Office of Association:            The office of the Association shall be at the Time-share Property, or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 2.            Seal of Corporation:            The Corporation shall have no seal.

Section 3.            Definitions:            As used herein the word, "Corporation", shall be the equivalent of "Association", as defined in the Declaration of Time-share Program to which these Bylaws are attached. "Owner" or "Unit Owner" shall mean person(s) holding fee simple title to a Time-share Estate, and said definition shall include the Developer, unless specifically excluded, for unsold units dedicated to the Time-share Program but not yet sold, or for Units or Time-share Estates re-acquired through foreclosure or other means. "Board of Administration" or "Board of Directors" or "Board" shall be used interchangeably and shall mean, as used herein, the governing body of the Association. All other words, as used herein, shall have the same definitions as attributed to them in the Declaration of Time-share Program to which these Bylaws are attached, unless specifically defined otherwise.

ARTICLE II.                    MEMBERSHIP AND VOTING PROVISIONS

Section 1.            Membership:            Membership in the Association shall be limited to and shall be automatic for owners of the Time-share Estates in Time-share Property wherein this Corporation has been designated the Association to operate and administer said Time-share Program by virtue of the Declaration of Time-share Program. Transfer of ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If ownership is vested in more than one person, then the vote of all of the persons so owning said Unit shall be cast by the "voting member", which term is hereinbelow defined. If

ownership is vested in a corporation, said corporation shall designate an individual officer or employee of the corporation as its "voting member". Notwithstanding the foregoing, each owner of Time-share Estates in a Time-share Unit shall be entitled to cast a vote.

Section 2. Voting:

- (a) Each Unit subject to a Fixed Week plan shall be entitled to forty-five (45) votes. Each Unit subject to a Floating Week plan shall be entitled to fifty-two (52) votes. Each owner of a Time-share Estate wherein the Time-share Period consists of a Unit Week shall be entitled to one (1) vote assigned to the Unit in which the Time-share Estate is owned. Hereinafter, the term, "unit vote" or "vote" shall mean the total of all the votes for each week or Time-share Estate owned by an owner whether that be forty-five (45), fifty-two (52), or one (1), or otherwise.
- (b) A majority of the total votes represented at a meeting at which a quorum is present shall decide any question, unless the Declaration of Condominium, Bylaws or Articles of Incorporation of the Association provide otherwise.

Section 3. Quorum: Unless otherwise provided in these Bylaws, the presence in person or by proxy of one-fourth (1/4) of the voting interests (i.e., the presence of owners holding one-fourth (1/4) of the total vote not one-fourth (1/4) of the members) shall constitute a quorum.

Section 4. Proxies: Votes may be cast in person or by proxy in accordance with controlling law. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5). Where a Unit is owned jointly by a husband and wife, and if they have not designated one of them as a voting member, a proxy must be signed by both husband and wife where a third person is designated.

Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meeting thereof.

In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given.

Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, and the date the proxy was given.

Each proxy shall contain the date, time and place of the meeting for which the proxy is given, and if a limited proxy, set forth those items upon which the holder of the proxy may vote, and the manner in which the vote is to be cast.

If a proxy expressly provides, any proxyholder may appoint, in writing, a substitute to act in his place. If such provision is not made, the substitution is not authorized.

Every proxy shall be revocable at any time at the pleasure of the owner executing it.

Section 5. Designation of Voting Member: If a Unit is owned by one person, the right to vote shall be established by the recorded title to the Unit. If a Unit is owned by more than one (1) person, the person entitled to cast the vote for the Unit shall be designated in a certificate, signed by all of the recorded owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by other than a real person, e.g., a corporation or partnership, the officer, employee or other individual thereof entitled to cast the vote of the Unit for such legal entity shall be designated in a certificate for this purpose, signed by the President or Vice-President, attested to by the Secretary or Assistant Secretary in the case of a corporation or a general partner in the case of a general or limited partnership, and filed with the Secretary of the Association. The person designated in such certificate who is entitled to cast the vote for a Unit shall be known as the "voting member". If such a certificate is not on file with the Secretary of the Association for a Unit owned by more than one person or by such legal entity, the vote of the Unit concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Unit, except if said unit is owned by a husband and wife. Such certificates shall be valid until revoked or superseded by a subsequent certificate, or until a change in the ownership of the unit concerned. If a Unit is owned jointly by a husband and wife, the following provisions are applicable thereto.

- (a) They may, but they shall not be required to, designate a voting member.
- (b) If they do not designate a voting member and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. (As previously provided, the vote of a Unit is not divisible).
- (c) Where they do not designate a voting member, and only one is present at a meeting, the person present may cast

the unit vote, just as though he or she owned the unit individually, and without establishing the concurrence of the absent person.

Section 6. Time-share Units:

Notwithstanding any other provisions in these Bylaws, each owner of a Time-share Estate shall be entitled to cast the whole vote attributable to the Time-share Estate(s). In the case of a Time-share Unit, the provisions of Section 4, Proxies, and Section 5, Designation of Voting Member, shall apply to each Time-share Estate owned.

ARTICLE III. MEETING OF THE MEMBERSHIP

Section 1. Place: All meetings of the Association membership shall be held at the Time-share Property, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of the Meeting, and shall be open to all owners.

Section 2. Notices: It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the time and place thereof, to each owner of record not less than fourteen (14) days prior to such meeting. Notice of any special meeting shall state the purpose thereof. All notices shall be mailed to or served at the address of the owner as it appears on the books of the Association.

Adequate notice of all meetings shall be given to all members as stated in the preceding paragraph and shall be posted at least forty-eight (48) hours in advance, except notice of annual meetings which shall be posted in a conspicuous place on the Time-share Property at least fourteen (14) days prior to the annual meeting.

Notice of any meeting where assessments against Unit owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed or hand delivered as hereinabove described, to each Unit owner at the address last furnished to the Association.

Section 3. Annual Meeting: The annual meeting shall be held at 9:00 a.m., local time, on the fifteenth of November of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members, provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next business day

following. Notwithstanding the foregoing, in the sole discretion of the Board of Directors, the annual meeting may be held on a different date and at a different time for a particular year so long as the required notice provisions herein are met. At the annual meeting, the members shall elect a Board of Directors, and shall transact such other business as may properly be brought before the meeting.

Section 4. Special Meetings: Special meetings of the members for any purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of a majority of the Board of Directors, or at the request, in writing, of voting members representing thirty-three percent (33%) of the total votes (except for special meetings to recall members of the Board of Directors which only require ten percent (10%) membership vote), which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Waiver and Consent: Whenever the vote of members at a meeting is required or permitted by any provision of these Bylaws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if not less than a majority of the members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken; however, notice of such action shall be given to all members, unless all members approve such action.

Section 6. Adjourned Meeting: If any meeting of members cannot be organized because a quorum is not present, either in person or by proxy, the meeting may be adjourned to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Approval or Disapproval: Approval or disapproval of an owner upon any matter, whether or not the subject of an Association meeting, shall be by the voting members.

Section 8. The Management Firm: The Management Firm, as long as any Management Agreement remains in effect, shall be entitled to notice of all Association meetings, and shall be entitled to attend the Association's meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf.

Section 9. Minutes of Meetings: The minutes of all meetings of the owners and the Board of Directors shall be kept in a book available for inspection by owners, or their authorized representatives, and Board members at any reasonable time.

The Association shall retain minutes for a period to be determined by the Board of Directors, however, said period shall not be less than ten (10) years.

Section 10. Order of Business: The order of business at annual meetings of members and as far as practical at other members' meetings, shall be:

- (a) Call to order
- (b) Election of a chairman of the meeting, unless the President or Vice President is present, in which case he shall preside
- (c) Calling of the roll, certifying of proxies, determination of a quorum
- (d) Proof of notice of the meeting or waiver of notice
- (e) Reading and disposal of any unapproved minutes
- (f) Reports of officers
- (g) Reports of committees
- (h) Appointment of inspectors of election
- (i) Determination of number of directors
- (j) Election of directors
- (k) Unfinished business
- (l) New business
- (m) Adjournment

ARTICLE IV. DIRECTORS

Section 1. Number, Term and Qualifications: The affairs of the Association shall be governed by a Board of Directors composed of not less than five (5) persons, the exact number to be determined from time to time by the Directors. All directors, except those designated by the Developer, shall be members of the Association. All officers or directors of a corporate owner, all general partners of a general or limited partnership, or other such representative of any other legal entity, shall be deemed to be members of the Association so as to qualify as a director herein. The term of each director's service shall extend until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below.

Section 2. First Board and Election of Directors: The first Board of Directors of the Association who shall hold office and serve until their successors have been elected and qualified, shall consist of D. Jon Winkel, Charles A. Long, Charles J. Maxwell, Peter W. Dietrich, and Larry D. Root. These directors shall serve until Unit owners other than the Developer are entitled to elect directors as set forth in Section 19 of this Article.

The organizational meeting of a newly elected Board of Directors of the Association shall be held within ten (10) days of their election, at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

Directors (other than directors appointed by the Developer) shall be elected at the annual meeting of members by the affirmative vote of a majority of the total votes cast either in person or by proxy. If not less than forty-eight (48) hours prior to the time fixed for any Annual or Extraordinary General Meeting of the Association for the election of Directors, members which are assigned no less than five percent (5%) of the total votes shall deliver to the Secretary or any other officer of the Association a request in writing that the election of Directors be by cumulative voting, then each member shall cumulate member's votes, and may cast for any one or more nominees for Director a vote equivalent to the votes to which such member is entitled multiplied by the number of Directors to be elected at the meeting. Each member shall be entitled to cumulate the member's votes and vote all of them for one nominee or to distribute the member's votes in among any one, several, or all of the nominees. The nominees receiving the highest number of votes on the cumulative basis, up to the total number of the Directors to be elected, shall be deemed elected as Directors. A Nominating Committee may be appointed by the Board of Directors to select candidates for election, and the Committee shall nominate not less than one person for each directorship to be filled. Nominations for additional directorships created at the meeting shall be made from the floor. Other nominations also may be made from the floor.

The term of office of non-developer appointed directors shall be until the next annual meeting of the members of the Association. At the first annual meeting where owners other than the Developer are entitled to elect all directors, then a class of directorships shall be created having terms of three (3), two (2), and one (1) years respectively. At the expiration of the initial term of office of each of the foregoing members of the board, the successor shall be elected to serve a term of three (3) years.

Section 3. Removal of Directors: At any duly convened regular or special meeting, any one or more of the directors may

be removed, with or without cause, by the vote or agreement in writing of a majority of all the voting interests.

A special meeting of owners to recall members of the Board of Directors may be instituted by members holding at least ten percent (10%) of the total votes. Notice of such meeting shall be given as required by law and shall state the purpose of the meeting.

Section 4. Vacancies on Directorate: If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at any regular or special meeting of the Board of Directors shall choose a successor or successors, who shall hold office for the balance of the unexpired term.

Section 5. Disqualification and Resignation of Directors: Any director may resign at any time by sending a written notice of such resignation to the Secretary of the Association. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the directors elected at such first annual meeting of the membership, the transfer of the Directors Time-share Estate shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No Member shall continue to serve on the Board if more than thirty (30) days delinquent in the payment of a maintenance fee or special assessment and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 6. Regular Meetings: The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Except in an emergency, or except as otherwise permitted by law, notice of regular meetings shall be given to each director personally or by mail, telephone or telegraph at least five (5) days prior to the day named for such meeting. All meetings of the Board of Directors, including special meetings in accordance with Section 7 below, shall be open to all owners. No owner, however, shall be entitled to participate in the meeting, unless specifically invited to do so by the Board.

Section 7. Special Meetings: Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving five (5) days notice, in writing, to all of the members of the Board of Directors of the time and place of said meeting. All notices of special meetings shall state the purpose of the meeting.

Section 8. Directors Waiver of Notice and Informal Meeting: Before or at any meeting of the Board of Directors, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of Notice of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Any action by the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all Directors entitled to vote with respect to the subject matter thereof.

Section 9. Quorum: At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice.

Section 10. Joinder by Written Concurrence: A member of the Board of Directors may join by written concurrence in any action taken at a meeting of the Board by signing and concurring in the minutes of that meeting, but such concurrence may not be used for the purposes of creating a quorum.

Section 11. Telephone Conferences: When a telephone conference is used, a telephone speaker shall be attached so that the discussion may be heard by the Board members and by any owners present in an open meeting. Board members utilizing telephone conference calls may be counted toward obtaining a quorum and may vote over the telephone.

Section 12. No Proxy: There shall be no voting by proxy at any meeting of the Board of Directors.

Section 13. Minutes of Meetings: The minutes of all meetings of the Board of Directors shall be kept as set forth under Section 17(q) of this Article in a book available for inspection by owners or their authorized representative and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than ten (10) years. Owners and their authorized representatives shall have the right to make written notations from the minutes so maintained.

Section 14. Compensation: The directors' fees, if any, shall be determined by the voting members; however, none are anticipated.

Section 15. Developer's Control Period: The Developer shall have the right to designate the directors until the time provided for by Section 19, who need not be the owners of Time-share Units, and said directors may not be removed by members of the Association, as elsewhere provided herein, but may be removed by the Developer in its sole discretion, at any time, with or without cause; and where such a vacancy occurs for any reason whatsoever, the vacancy shall be filled by the person designated by the Developer.

Section 16. The Management Firm: The Management Firm, as long as any Management Agreement remains in effect, shall be entitled to notice of all Directors' meetings and shall be entitled to attend the directors' meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf.

Section 17. Powers and Duties: The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration of Time-share Program, this Association's Articles of Incorporation, or these Bylaws, directed to be exercised and done by owners. These powers shall specifically include, but shall not be limited to the following:

- (a) To exercise all powers specifically set forth in the Declaration of Time-share Program, the Association's Articles of Incorporation, these Bylaws, and the Iowa Time-share Act, and all powers incidental thereto.
- (b) To make assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Association.
- (c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the project, and of the common areas and facilities including the right and power to employ attorneys, accountants, contractors, and other professionals as the need arises. If a Management Firm has been contracted this power shall be limited to the Firm and not apply to individuals.

- (d) To make and amend regulations respecting the operation and use of the Common Elements and Time-share and Association Property and the use and maintenance of the Units and Common Elements and Association Property therein.
- (e) To contract for the management of the Time-share Program and to provide to such contractor all the powers and duties of the Association, except those which may be required by the Declaration to have approval of the membership of the Association. To contract for the management or operation of portions of the Common Elements for Association Property susceptible to the separate management or operation thereof, and to lease or concession such portions.
- (f) To further improve the Time-share or Association Property, both real and personal, and to purchase realty and items of furniture, furnishings, fixtures, and equipment for the foregoing.
- (g) To designate one or more Executive Committees which, to the extent provided in the resolution designating said executive committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. The Committee or Committees shall have such name or names as may be determined from time to time by the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by owners when such is specifically required. An Executive Committee, however, shall not have power to:
  - (i) determine the common expenses required for the operation of the Time-share Program;
  - (ii) determine the assessments payable by the owners to meet the common expenses of the Time-share Program;
  - (iii) adopt or amend Rules and Regulations covering the details of operation of Time-share or Association Property;
  - (iv) purchase, lease or otherwise acquire units in the Time-share Program in the name of the Association;
  - (v) approve or recommend to owners any actions or proposals required by the Iowa Time-share Act, the Declaration, the Articles of these Bylaws to be approved by owners; or

- (vi) Fill vacancies on the Board of Directors.
- (h) To enter into and terminate agreements with organizations providing owners of Time-share Estates the ability to trade their time periods with owners of time periods at other resorts.
- (i) After control of the Association is obtained by owners other than the Developer, to institute, maintain, settle or appeal actions or hearings in its name on behalf of all owners concerning matters of common interest, including but not limited to the Common Elements and commonly-used Facilities.
- (j) To have the irrevocable right of access to each unit during reasonable hours as necessary for the maintenance, repair or replacement of any Common Elements or Association Property or for making emergency repairs necessary to prevent damages to the Common Elements or to another Unit or Units or to the Association Property.
- (k) To impose a lien on each Time-share Estate for any unpaid assessments, maintenance fees or special charges imposed pursuant to Article XIII(C) of the Declaration with interest, costs and attorney's fees incurred in the collection of the delinquent payment or enforcement of the lien. It also has the power to purchase the Time-share Estate at the foreclosure sale and to hold, lease, mortgage or convey it.
- (l) In addition to its right to purchase Time-share Estates at a lien foreclosure sale, to purchase Time-share Estates in the Time-share Program and to acquire, hold, lease, mortgage and convey them.
- (m) Without the joinder of any owner, to modify or move any easement for ingress and egress or for utilities purposes if the easement constitutes part of or crosses the Time-share or Association Property.
- (n) To purchase any land or recreation lease on the approval of two thirds (2/3) of the total votes of owners of the Association.
- (o) To enter into agreements, acquire leasehold, memberships and other possessory or use interests in lands or Facilities, such as country clubs, golf courses, marinas and other recreational facilities, whether contiguous to the Time-share or Association Property, or not, if they are intended to provide enjoyment, recreation or other use or benefit to the owners.

- (p) If it appears that through a drafter's error in the Declaration that the Common Elements, Common Expenses or Common Surplus has been stated or distributed improperly, to approve an amendment to the Declaration correcting that error. No owners, except those directly affected, must join in the execution of the amendment.
- (q) To maintain the Association's official records, which shall be open to inspection by any association member or authorized representative at all reasonable times.
- (r) To use its best efforts to obtain and maintain adequate insurance to protect the Association and the Common Elements.
- (s) To furnish annual financial reports to members, as required by law.
- (t) If the Association may be exposed to liability in excess of insurance coverage in any legal action, to give notice of the exposure to all owners, who shall have the right to intervene and defend.
- (u) To provide to any owner, mortgagee or other record lienholder so requesting a certificate showing the amount of unpaid Assessments or maintenance fees respecting the owner's Time-share Estate.
- (v) To pay any fees due to local or state governmental agencies arising out of the existence of the Time-share Program.
- (w) To pay taxes or assessments against the Common Elements or Association Property as required.
- (x) To pay costs of utilities services rendered to the Time-share and Association Property and not billed directly to individual owners.
- (y) To impose fines on owners in such reasonable sums as they may deem appropriate, for violations of the Iowa Time-share Act, the Declaration, the Articles of Incorporation, these Bylaws and lawfully adopted Rules and Regulations, by owners or their guests or tenants. The Board may collect those fines in one or more installments. Each day of violation shall be a separate violation. No fine shall be imposed until the offending party (which always shall include the owner) has been given written notice of the violation and an opportunity to appear and be heard before the Board of Directors. Monies from fines shall first be used to provide accommodations for owners denied access arising from a

hold over and secondly, for the benefit of the Association.

(2) To authorize owners or others to use portions of the Common Elements or Association Property, such as social rooms and meeting rooms, if any, for private parties and gatherings, for which reasonable charges may be imposed for the clean-up of such rooms after use by them.

(aa) To repair or reconstruct improvements after casualties.

(bb) For labor performed on or materials furnished to the Common Elements or Association Property, if authorized by the Board of Directors, to file a lien against all Time-share Estates in the proportions for which the owners are liable for Common Expenses.

Section 18. Order of Business: The order of business at meetings of Directors shall be:

- (a) Calling of roll
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading and disposal of any unapproved minutes
- (d) Reports of officers and committees
- (e) Election of officers
- (f) Unfinished business
- (g) New business
- (h) Adjournment

Section 19. Election of Directors by Unit Owners other than the Developer.

(a) Developer is entitled to name all Directors until the following:

(1) One third. When owners other than the Developer own 15% or more of the Time-share Estates that will be operated ultimately by the Association, they shall be entitled to elect no less than one third (1/3) of the members of the Board of Directors.

(2) Majority. Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Directors three (3) months after 60% of the Time-share Estates that ultimately

will be operated by the Association have been conveyed to purchasers. For purposes of this section, if all hotel/motel Units and Townhouse Units have been submitted to the Time-share Program, and no new construction of Units has begun for 24 months after the last Submission, then the Developer will have been deemed to establish the ultimate number of Units to be operated by the Association. The Association has the right to enforce this termination provision through action in the District Court of the State of Iowa.

- (b) Developer member. The Developer is entitled to elect at least one Member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Time-share Estates that ultimately will be operated by the Association.
- (c) Election. Within sixty (60) days after the owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call a meeting of the owners to elect the member or members of the Board of Directors and give not less than thirty (30) days nor more than forty (40) days notice of such meeting. The meeting may be called and the notice given by any owner, if the Association fails to do so.
- (d) Relinquishment of control. Not more than sixty (60) days after the time that owners other than the Developer elect a majority of the members of the Board of Directors, the Developer shall relinquish control of the Association and the owners shall accept control. Simultaneously, the Developer shall deliver to the Association, at the Developer's expense, all property of the owners and of the Association held or controlled by the Developer including, but not limited to, those items required by law. No contract for goods or services or management from the Time-share Program entered into during the time of Developer control shall extend longer than five (5) years after the Developer relinquishes control.
- (e) Early transfer. Nothing contained in this Section shall be deemed to prevent the Developer from transferring control of the Association to owners other than the Developer before the occurrence of the events described in this section.

Section 20. Failure to elect director quorum: If the Association or the Board of Directors fails to fill vacancies on the Board of Directors sufficient to constitute a quorum, any

owner may apply to the District Court of Iowa in and for Dickinson County for the appointment of a receiver to manage the affairs of the Association.

The receiver shall have all the powers and duties of a duly constituted Board of Directors and shall serve until the Association fills vacancies on the Board sufficient to constitute a quorum.

## ARTICLE V. OFFICERS

Section 1. Elected Officers: The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors.

One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. Officers need not be directors or members of the Association.

Section 2. Election: The officers of the Association designated in Section 1 above shall be elected annually by the Board of Directors at the organizational meeting of each new Board following the meeting of the members.

Section 3. Appointive Officers: The Board may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors deems necessary.

Section 4. Term: The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors, provided however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors (e.g. if the Board of Directors is composed of five (5) persons, then three (3) of said directors must vote for removal). If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President: Shall be the Chief Executive Officer of the Association; shall preside at all meetings of the owners and of the Board of Directors; shall have executive powers and general supervision over the affairs of the Association and other officers; and shall sign all written contracts to perform all of the duties incident to the office and which may be delegated from time to time by the Board of Directors.

Section 6. The Vice President: Shall perform all of the duties of the President in the President's absence, and such other duties as may be required from time to time by the Board of Directors or President of the Association.

Section 7. The Secretary: Shall issue notices of all Board of Directors' meetings and all meetings of the Unit Owners; shall attend and keep the minutes of same; shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer or by the Management Firm, as permitted. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent, and such other duties assigned by the Secretary.

Section 8. The Treasurer:

- (a) Shall have custody of the Association's funds and securities, except the funds payable to any Management Firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board of Directors. The books shall reflect an account for each owner.
- (b) Shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these Bylaws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all transactions as the Treasurer and of the financial condition of the Association.
- (c) Shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors.
- (d) Shall give status reports to potential transferees on which reports the transferees may rely.
- (e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent, and such other duties assigned by the Treasurer.
- (f) The duties of the Treasurer may be fulfilled by a Management Firm employed by the Association, and said Management Firm shall fulfill the duties of the Treasurer, and shall have custody of such books of the Association as it determines, in its sole discretion, and the foregoing shall include any books required to be kept by the Secretary of the Association.

Section 9. Compensation: Officers' fees, if any, shall be determined by the voting members.

ARTICLE VI.

FISCAL MANAGEMENT.

Section 1. Board adoption of budget: The Board of Directors shall adopt a budget for the Common Expenses of the Association in advance of each fiscal year at a special meeting of the Board called for that purpose at least thirty (30) days before the end of each fiscal year, or whatever lesser period is permitted by law.

Section 2. Budget requirements: The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, when applicable, but not limited to:

- (a) Administration of the Association
- (b) Management fees
- (c) Maintenance
- (d) Rent for recreational and other commonly used Facilities
- (e) Taxes on Association property
- (f) Taxes on leased areas
- (g) Insurance
- (h) Security provisions
- (i) Other expenses
- (j) Operating capital
- (k) Fees payable to county, state or federal government or agency
- (l) Reserve accounts for capital expenditures and deferred maintenance, including, but not limited to, roof replacement, building painting, pavement resurfacing, replacement of Unit furnishings and equipment, and any other component, the useful life of which is less than the useful life of the overall structure.

Section 3. Member rejection of excessive budget: If a budget adopted by the Board of Directors requires assessment against the owners in any fiscal year exceeding one hundred and fifteen percent (115%) of the assessment for the previous year, the Board, on written application of ten percent (10%) of the owners, shall call a special meeting of the owners within thirty (30) days. The special meeting shall be called on not less than ten (10) days' written notice to each owner. At the special

meeting, owners shall consider and enact a budget by not less than a majority vote of all voting interests. Provisions for reasonable reserves for repair or replacement of the Time-share Property, nonrecurring expenses and assessments for betterments to the Time-share Property shall be excluded from the computation in determining whether assessments exceed one hundred and fifteen percent (115%) of similar assessments in the previous year.

Section 4. Alternative budget adoption by members: At its option, for any fiscal year, the Board of Directors may propose a budget to the owners at a meeting of members or in writing. If the proposed budget is approved by the owners at the meeting or by a majority of all owners in writing, the budget shall be adopted.

Section 5. Budget restraints on Developer: As long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for any year greater than one hundred and fifteen percent (115%) of the previous year's assessment without approval of a majority of all the voting interests. Reasonable reserves for repair or replacement of the Time-share Property, nonrecurring expenses, and assessments for betterments to the Time-share Property shall be excluded from the computation.

Section 6. Accounting records and reports: The Association will maintain accounting records according to good accounting practices. The records shall be open to inspection by owners or their authorized representatives at reasonable times. The records shall include, but are not limited to:

- (a) a record of all receipts and expenditures and
- (b) an account for each Time-share Estate, designating the name and current mailing address of the owner, the amount of each assessment, the dates and amounts in which the assessments come due, the amount paid on the account and the balance due.

After each fiscal year on such date as is determined by the Board of Directors, or as required by law, the Board of Directors shall mail or furnish by personal delivery a complete financial report and/or the financial statement(s) for the previous fiscal year's operations, which report and/or financial statement(s) shall include but not be limited to those items required by law.

Section 7. Depositories: The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors from time to time and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board of Directors.

Section 8. Fidelity Bonds: All persons who control or disburse funds of the Association shall be fidelity bonded in such amount as may be determined by the Board of Directors, but in any event, in the principal sum of not less than \$10,000.00 for each person, or whatever lesser amount is permitted by law. The premiums on such bonds shall be paid by the Association. The bond shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account; however, notwithstanding the foregoing, the Management Firm, under the terms of the Management Agreement, as to funds in its possession and/or control, shall determine, in its sole discretion, the amount of and who is to be bonded, if any, among its employees, and the bonding requirements of this section shall be inapplicable until the Time-share is comprised of at least twelve (12) Units.

Section 9. Fiscal Year: The fiscal year for the Association shall be January 1st through December 31st, unless the Board of Directors selects a different fiscal year for the Association. For purposes of establishing the annual operating and reserve budgets, a calendar year shall be used to determine the budget year. (The calendar year is defined as the twelve month period ending on the Friday closest to December 31st).

ARTICLE VII. ASSESSMENTS, SPECIAL CHARGES, AND COLLECTION

Section 1. Assessments, generally: Assessments shall be made annually, in the discretion of the Board of Directors, and be due and payable in advance by January 30 of each year. For convenience, the Assessments may be paid monthly or quarterly if accompanied by a 5% service charge. The Assessments shall be made in the amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred.

Common Expenses shall include expenses for the operation, maintenance, repair or replacement of the Common Elements, the limited Common Elements, and the Association Property, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, capital expenditures and deferred maintenance unless waived, and any other expenses designated as Common Expenses, from time to time, by the Board of Directors of the Association, or under the provisions of the Declaration to which these Bylaws are attached. The Board of Directors is specifically empowered, on behalf of the Association, to make and collect assessment and to lease, maintain, repair and replace the Common Elements, the Limited Common Elements and the Association Property. Funds for the payment of Common Expenses shall be assessed against the owners in the proportions or percentages as provided in the Declaration.

Section 2. Emergency assessments: Assessments for Common Expenses or emergencies that cannot be paid from the annual Assessment for Common Expenses shall be made by the Board of Directors after thirty (30) days' notice given to the owners. These assessments shall be paid at the times and in the manner that the Board may require in the notice of assessment.

Section 3. Charges: Charges by the Association against members for other than Common Expenses shall be payable in advance or at the time levied by the Association if these are special charges imposed pursuant to Article XIII(C) of the Declaration. Charges for other than Common Expenses may be made only after approval of an owner or when expressly provided for in the Declaration or other Time-share documents. These charges may include, without limitation, charges for clean-up after the use of the Time-share or Association Property, maintenance services furnished at the expense of a member, and other services furnished solely for the benefit of a member.

Section 4. Liability for assessments: Each owner, regardless of how title is acquired, shall be liable for all assessments coming due while the owner. The owner and a grantee in a voluntary conveyance shall be jointly and severally liable for all unpaid assessments due and payable up to the time of the voluntary conveyance. A first mortgagee who acquires title by foreclosure or deed in lieu of foreclosure, however, shall not be liable for unpaid assessments of previous owners, unless those assessments are evidenced by a lien recorded before the foreclosed mortgage. The liability for assessments may not be avoided by waiver of the use or enjoyment of any Common Element or Association Property or by abandonment of the Time-share Estate for which the assessments are made.

Section 5. Assessments, amended budget: If the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remaining portion of the year for which an amended assessment is made shall be payable in as many equal installments as there are installment payment dates remaining in the budget year as of the date of the amended assessment. The budget shall not be amended for emergency or special non-recurring expenses.

Section 6. Interest, late charges, and application of payment Assessments and installments on them, and special charges, if not paid within ten (10) days after the date they become due, may bear interest at eighteen percent (18%) per annum, or the highest rate allowed by law until paid, if that rate is greater, and may also be subject to an annual late charge of \$25.00 or such other amount determined by the Board of Directors providing the procedures for imposition of fines under Article IX, Section 1 have been followed. All assessment payments shall be applied

first to the late charge, if any, then to interest and then to the assessment payment due.

Section 7. Lien for assessment: The Association has a statutory lien on each Time-share Estate for any unpaid assessments with interest and for reasonable attorneys' fees incurred by the Association incident to the collection of the assessment or enforcement of the lien. The lien is effective from and after recording a claim of lien in the public records in the county in which the property is located. The claim of lien includes only those assessments that are due at the time the lien is recorded. The lien is subordinate to any mortgage on the property recorded before it. The lien on units shall only be effective against the individual Time-share Estate involved.

Section 8. Foreclosure and Collection actions: The Association may bring an action to foreclose any lien for assessment in the manner that a mortgage of real property is foreclosed. It also may bring an action to recover a money judgment for the unpaid assessment or special charges without waiving any claim of lien.

Section 9. Determination of maintenance fee: The Board of Directors of the Association shall fix and determine, from time to time, the sums necessary and adequate for the maintenance fee required as payment of common expenses pursuant to the Iowa Time-share Act on Time-share Units. The maintenance fee on such units shall include the items specified in the Declaration to which these Bylaws are attached.

When the Board of Directors has determined the amount of any maintenance fee, the Treasurer of the Association shall mail or present to each owner of Time-share Estates a statement of said maintenance fee. All maintenance fees shall be payable to the Treasurer of the Association. In lieu of the Treasurer, the Management Firm may exercise the foregoing requirements.

Section 10. Application of payments and co-mingling of funds: All sums collected by the Association from assessments and maintenance fees may be co-mingled in a single fund or divided into more than one fund, as determined by the Board of Directors of the Association, and as permitted by law. All assessment payments and maintenance fees by an owner shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Declaration and general or special assessments, in such manner and amounts as the Board of Directors determines in its sole discretion. All sums collected by the Association on behalf of its membership for the foregoing or other purposes shall not be considered income to the Association but shall be deemed to be held in custody for the Association membership as a whole.

Section 11. Acceleration of assessment instalments upon default: If an owner shall be in default in the payment of an installment upon any assessment, the Board of Directors may accelerate the remaining installments for the fiscal year upon notice thereof to the owner and, thereupon, the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the owner.

Section 12. Audits: An auditing of the books and financial records of the Association shall be made annually so long as it is required by law, or otherwise in the discretion of the Board of Directors. Said required audit shall be prepared by independent, certified public accountants in accordance with generally accepted accounting standards, and a copy of said report shall be forwarded to the Association's officers and made available to the members of the Association in the office of said Association and with the Treasurer of the Association.

Section 13. Application of Surplus: Any payments or receipts to the Association, whether from owners or otherwise, paid during the year in excess of the operating expenses and other Common Expenses of the Association may be kept by the Association and applied against the Association's expenses for the following year. Upon transfer of interest in a Time-share Estate by an owner, the owner shall not be entitled to any surplus, which shall remain with the Association for the benefit of the transferee and the remaining members.

#### ARTICLE VIII.

##### ADDITIONS OR ALTERATIONS

There shall be no additions or alterations to the Common Elements or Limited Common Elements of the Time-share Program, except as specifically provided for in the Declaration.

#### ARTICLE IX.

##### HOLDOVER USER

Any owner(s) or authorized user(s) of a Time-share Estate in a Unit fails to vacate the Unit at the expiration of the authorized use period, the party shall be deemed to be a "holdover user". It shall be the responsibility of the Association or Management Firm to take such steps as may be necessary to remove such holdover user from the Unit, and to assist the owner(s) or authorized user(s) of any subsequent Time-share Estates, who may be affected by the holdover user's failure to vacate by 10 00 a.m. C.S.T. (or C.D.T., if applicable).

As a minimum, unless otherwise prohibited, the Association or Management Firm remedy may impose a fine of up to Two Hundred Dollars (\$200.00) for the holdover user's failure to vacate the

Unit at the prescribed time. In addition to such other remedies as may be available to it, the Association or Management Firm shall secure, at its expense, alternate accommodations for any owner who may not occupy a Unit due to the failure to vacate of any holdover user. Such accommodations shall be as near in value to the Unit which was to have been used by the owner(s) or authorized user(s) as possible. The holdover user shall be charged for the cost of such alternate accommodations, any other costs incurred due to this failure to vacate, and a reasonable daily administrative fee in an amount determined by the Board of Directors during the period of holding over. In the event it is necessary that the Association or Management Firm contract for a period greater than actual period of holding over, in order to secure alternate accommodations as set forth above, the entire period shall be the responsibility of the holdover user, although the administrative fee shall cease upon actual vacating by the holdover user.

The Association or Management Firm shall forward a bill to the holdover user as soon as practicable after the holdover period, with a duplicate copy of the bill being forwarded to the owner through which an authorized user had the right to use of a Unit. Before imposing a fine or requesting payment for the holdover costs, the holdover user will be afforded an opportunity for a hearing after reasonable notice of not less than 14 days and the notice shall include the time, date and place of the hearing, and a summary of fines and holdover costs being asserted. The Association or Management Firm shall, following the hearing, make a determination and advise the holdover user.

The above provisions shall not abridge the Association's or Management Firm's right to take such other action as is permitted by law, Bylaws, or the Declaration.

#### ARTICLE X.

#### COMPLIANCE AND DEFAULT

Section 1. Violations: In the event of a violation (other than the non-payment of an assessment) by an owner of any of the provisions of the Declaration, of these Bylaws, or of the applicable portions of the Iowa Time-share Act, the Association, by direction of its Board of Directors, may notify the owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of thirty (30) days from date of notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Declaration, of the Bylaws, or of the pertinent provisions of the Iowa Time-share Act, and the Association may then, at its option, have the following elections:

- (a) An action at law to recover for its damage, on behalf of the Association or on behalf of the other owners.

- (b) An action in equity to enforce performance on the part of the owner; or
- (c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Association and the cost thereof shall be charged to the owner as a specific item, which shall be a lien against the said Time-share Estate.

The foregoing action may be taken in addition to the Association's right to impose fines as provided in these Bylaws under Article IV, Section 17(y) hereinabove. Prior to imposing any fines, the party against whom the fine is sought shall be afforded an opportunity for a hearing after reasonable notice of not less than fourteen (14) days and the notice shall include:

- a. A statement of the date, time and place of the hearing;
- b. A statement of the provisions of the Declaration, Bylaws or Rules and Regulations which have allegedly been violated; and
- c. A short and plain statement of the matters asserted by the Association.

Section 2. Negligence or Carelessness of Unit Owner: All owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by owner's act, neglect or carelessness, or by that of any member of owner's family, or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing herein contained however, shall be construed so as to modify any waiver by any insurance company of its rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this section, shall be charged to said owner as a specific item which shall be a lien against said Time-share Estate same force and effect as if the charge were a part of the maintenance fee.

Section 3. Costs and Attorneys' Fees: In any proceeding arising because of an alleged default by an owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

Section 4. No Waiver of Rights: The failure of the Association or an owner to enforce any right, provision, covenant or condition which may be granted by the time-share documents shall not constitute a waiver of the right of the Association or owner to enforce such right, provision, covenant or condition in the future.

Section 5. Election of Remedies: All rights, remedies and privileges granted to the Association or owner, pursuant to any terms, provisions, covenants or conditions of the time-share documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be granted to such other party by time-share documents, or at law or in equity.

Section 6. Limitation of Liens: Any liens or sanctions against an owner of Time-share Estates for an alleged default as set forth in this Article shall be limited to the Time-share Estates owned by such owner and shall be of no force and effect as to any other Time-share Estates or owner thereof.

ARTICLE XI. FORECLOSURE AND TRANSFERS OF OWNERSHIP

Section 1. Acquisition of Property in Foreclosure: At any foreclosure sale of a Time-share Estate, the Board of Directors may, in its sole discretion, acquire in the name of the Association, or its designee, the property being foreclosed. The term "foreclosure", as used in this section, shall mean and include any foreclosure of any lien, excluding the Association's lien for assessments. The power of the Board of Directors to acquire such property at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature. The Board of Directors shall likewise not be required to obtain the approval of owners at the foreclosure sale of a Time-share Estate, due to the foreclosure of the Association's lien for unpaid assessments or maintenance fees.

Section 2. Transfer of Property: Immediately upon transfer of a Time-share Estate, an owner shall notify the Association in writing, and said notice shall include, as a minimum, the name and address of the transferee and such other information and be in the form that the Association shall prescribe from time to time. The owner should also include with such notice, a copy of the recorded deed or other evidence of title being vested in the new owner. The Association may send all necessary notices to the person shown as owner in its records, and said notice shall be binding as to any other

subsequent owner or transferee where the Association has not been notified as provided herein.

Section 3. Foreclosure of Lien for Assessments: Prior to bringing an action in the name of the Association to foreclose a lien for unpaid assessments, maintenance fees, or other charges giving rise to a lien, the Board of Directors shall send written notice of its intent to foreclose its lien to the owner. The notice shall be given by delivery of a copy of it to the owner at the last known address shown on the records of the Association.

ARTICLE XII. AMENDMENTS TO THE BYLAWS

Amendments to the Bylaws shall be proposed and adopted in the following manner:

Section 1. Notice: Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered.

Section 2. Adoption: An amendment may be proposed either by a majority of the Board of Directors or by not less than 10% of the total votes of voting members of the Association. The amendment shall be adopted if it is approved by not less than 67% of the Directors represented either in person or by written consent. voting members represented either in person or by proxy.

Section 3. Limitation: No amendment shall be made that is in conflict with Iowa law or the Declaration, nor shall any amendment abridge, alter or amend the right of the Developer.

Section 4. Recording: A copy of each amendment shall be attached to an affidavit certifying that the amendment was duly adopted as an amendment of the Declaration and Bylaws. The certificate shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of the county wherein the Time-share Property is located.

Section 5. Format: Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended. New words shall be underlined and words to be deleted shall be lined through with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying "SUBSTANTIAL REWORDING OF BYLAW NUMBER \_\_\_\_\_ FROM PRESENT TEXT".

ARTICLE XIII.

ROSTER OF UNIT OWNERS AND MORTGAGEES

The Association shall maintain a roster of the names and addresses of its membership. Thus, each owner shall file with the Association, upon request, a copy of the deed or other instrument evidencing ownership, together with a copy of any mortgage on the property and any satisfaction of that mortgage, or any other reasonable forms requested to be filed with the Association by owners. The Association shall maintain these documents for reference as required in the exercise of its powers and duties.

ARTICLE XIV.

NOTICES

Whatever notices are required to be sent hereunder, they shall be delivered or sent in accordance with the applicable provisions for notices as set forth in the Declaration to which these Bylaws are attached or as specifically set forth herein where specified.

ARTICLE XV. INDEMNIFICATION AND LIABILITY OF BOARD OF DIRECTORS AND OFFICERS

The Association shall indemnify every director and every officer, their heirs, executors, and administrators, against all loss, cost and expense reasonably incurred by the director or officer in connection with any action, suit or proceeding to which the director or officer may be made a party by reason of being or having been a director or officer of the Association, except for liability (i) for any breach of a duty of loyalty to the Association or to members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the officer or director derived an improper personal benefit, or (iv) for any matter in which the person shall be adjudged in a civil or criminal action to be liable for negligence or misconduct in the performance of duty pursuant to Chapter 504A.4(14). The foregoing rights shall be in addition to and not exclusive of all other rights to which such directors or officer may be entitled. The Association shall procure insurance for these purposes and pay the premiums for same.

The members of the Board of Directors or officers of the Association shall not be liable to the owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence or bad faith. The owners shall indemnify and hold harmless each of the members of the Board of Directors or officers against all contractual liability to others arising out of contracts made by the Board of Directors or officers on behalf of the Association unless any such contract shall have been made in bad faith or contrary to

the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board of Directors or officers shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board of Directors and/or officers who are members of or employed by Long Lines, Ltd. and affiliated companies to enter into contracts with Long Lines, Ltd. or affiliated companies without fear of being charged with self-dealing. It is also intended that the liability of any owner arising out of any contract made by the Board of Directors or officers, shall be limited to such proportions of the total liability thereunder as the owner's interest in the Common Elements bears to the interest of all owners in the Common Elements. Every agreement made by the Board of Directors, officers, or by the managing entity on behalf of the Association should provide that the members of the Board of Directors, officers, or the managing entity, as the case may be, are acting only as agent for the owners and shall have no personal liability thereunder (except as owners), and that each owner's liability thereunder shall be limited to such proportion of the total liability thereunder as the owner's interest in the Common Elements bears to the interest of all owners in the Common Elements.

ARTICLE XVI. LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Association shall not relieve or release any such former owner or member from any liability or obligations incurred under or in any way connected with the Association during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XVII. LIMITATION OF LIABILITY; LIABILITY FOR USE OF COMMON ELEMENT

Notwithstanding the duty of the Association to maintain and repair parts of the Time-share Property, the Association shall not be liable for injury or damage caused by a latent condition in the property, nor for injury or damage caused by the elements or by other owners or persons.

Each owner may personally be liable for the acts or omissions of the Association relating to the use of the Common Elements. That liability shall be shared with other Unit owners in the same percentages as their respective interests in the Common Elements.

ARTICLE XVIII. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Iowa Time-Share Act, the Declaration, or these Bylaws.

ARTICLE XIX. LIENS

Section 1. Protection of Property: All liens against a Time-share Estate, other than for mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days of the date the lien attached. All taxes and special assessments upon a Time-share Estate shall be paid before becoming delinquent.

Section 2. Notice of Lien: An owner shall give notice to the Association of every lien on a Time-share Estate, other than for mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 3. Notice of Suit: Owners shall give notice to the Association of every suit or other proceeding which will or may affect title to owner's Time-share Estate or any part of the property, such notice to be given within five (5) days after the owner receives notice thereof.

Section 4. Failure to Comply: Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

Section 5. Limitation of Liens: An owner of a Time-share Estate shall be required to give notices under Section 2 and Section 3 of this Article only as to liens, suits and proceedings affecting title to the owner's Time-share Estate(s). Any lien against an owner of a Time-share Estate shall be limited to the Time-share Estate(s) owned and shall not encumber the property, real or personal, of any other owner of Time-share Estates in said unit.

ARTICLE XX. RULES AND REGULATIONS

Section 1. Adopt or Amend Previously Adopted Rules: The Board of Directors may, from time to time, adopt or amend previously adopted Rules and Regulations governing the details of the operation, use, maintenance, management and control of the units, the Common Elements, the Limited Common Elements, and Association Property and any Facilities or services made available to owners. A copy of the initial Rules and Regulations are attached hereto as Exhibit 1 to these Bylaws. Subsequent amendments to the Rules and Regulations need not be recorded, but should be available upon request by an owner, and copies of any such amendments should be forwarded to owners as soon as practicable after being implemented.

Section 2. Reasonableness test: Any rule or regulation created and imposed by the Board of Directors must be reasonably related to the promotion of the health, happiness and peace of mind of the owners and uniformly applied and enforced.

ARTICLE XXI. ARBITRATION

In the event of internal disputes arising from the operation of the Time-Share Project among owners, the Association (or Associations, if applicable), the Developer, and their agents and assigns which cannot be resolved, the matter shall be resolved by voluntary binding arbitration through full-time arbitrators agreed to by the parties.

ARTICLE XXII. PRIORITIES IN CASE OF CONFLICT

In the event of conflict between or among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest:

- (a) The Iowa Time-Share Act, unless by its provisions it allows for modifications
- (b) The Declaration of Time-share Program
- (c) The Articles of Incorporation
- (d) These Bylaws
- (e) The Rules and Regulations

ARTICLE XXIII. DEFECTIVE TIME-SHARE DOCUMENTS; CURATIVE PROVISIONS

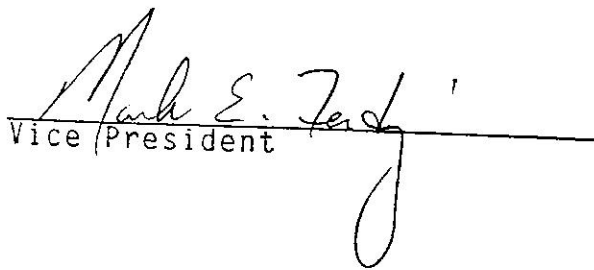
The Association or an owner may petition the district court having jurisdiction in the county in which the Time-share Property is situated to correct an error or omission in the Declaration or any other documents required to establish the Time-share Program, affecting its valid existence, and which errors or omissions are not correctable by the amendment procedures in the Declaration or the Iowa Time-share Act. In any case, after three (3) years from the filing of the Declaration it shall be deemed to be effective under the Iowa Time-share Act to create a Time-share Program, whether in fact it substantially complies with the mandatory requirements of the Time-share Act or not.

ARTICLE XXIV. CONSTRUCTION

Whenever the context permits or requires, the singular shall include the plural, the plural shall include the singular and the use of any gender shall be deemed to include all genders.

The foregoing was adopted as the Bylaws of Sunrise Cove Time-share Association, Inc. at the first meeting of the Board of Directors.

APPROVED:

  
Vice President

  
Assistant Secretary