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COUNTY RECORDER
DUBUQUE CO., IOWA FEES

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DECLARATION OF RESTRICTIVE COVENANTS FOR PHASE ONE & PHASE TWO OF
STONE HILL COMMUNITY SUBDIVISION NO.1 ",
IN THE CITY OF DUBUQUE, IOWA

The undersigned owners of the following described real property:

Blocks 1-8 of "Phase One of Stone Hill Community Subdivision
No.1 ", and Blocks 1-10 of "Phase Two of Stone Hill Community
Subdivision No. 1", in the City of Dubuque, Iowa,

hereby make the following declaration as to limitations, restrictions, obligations and uses to which above described property may be put, hereby specifying that said declaration shall constitute covenants to run with all of the above described property and any and all later subdivision thereof as provided by law, and shall be binding on all parties and persons claiming under them and for the benefit of and limitation upon all future owners of the above described property, or any subdivisions thereof in Dubuque County, Iowa.

ARTICLE I DEFINITIONS

The following terms used herein shall have the following meaning:

Section 1. "Association" means Stone Hill Community Association, its successors and assigns.

Section 2. "Property" means the above described real property.

Section 3. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, including contract vendors, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Common Area" means all property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners.

Section 5. "Lot" means any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 6. "Declarant" means all of the signatories to these Covenants.

Section 7. "Improved Lot" means any lot upon which is located all or any portion of a completed permanent structure.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for the entire period during which any assessment against his Lot remains unpaid, and for any period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate to transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by Association members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of the members of each class has been recorded.

(d) the right to construct, install and build recreational facilities, including but not limited to, a dam, dike, levee or barrier related to, or in connection with, a lake or pond, which may be constructed in whole or on part upon the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, except as otherwise provided in the Declaration, shall be members of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

ARTICLE W

COVENANT FOR ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant for each Lot owned within the Property, hereby covenants, and each Owner by acceptance of a deed shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges as fixed by the Directors as provided herein, and (2) special assessment for capital improvements, and (3) special assessments for building maintenance, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area, and for the uniform desirable maintenance of the exterior of the buildings, except multi-family buildings, located on the Property.

Section 3. Annual Assessments. Annual assessments shall be imposed on improved lots only.

(a) From and after the filing of these Covenants, the maximum annual assessment may be increased each year not more than 6% above the maximum assessment for the previous year without a vote of the membership.

(b) The maximum annual assessment may be increased above 6% by a vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at any amount not in excess of the maximum determined herein.

(d) Lots on which permanent structures are under construction shall not be subject to annual assessment until 120 days after the lot first becomes an improved Lot, at which time they shall be assessed in an amount equal to fifty percent (50%) of the annual assessment determined as above. Lots shall be assessed at full annual assessment at the time of first occupancy for residential or sales purposes.

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Special Assessment for Building Maintenance. In addition to the annual and special assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, and/or replacement of the internal or external components, materials and/or surfaces of any building, unit or townhouse located on any Lot of the property; such assessment shall be a lien against any Lot upon which such work was performed; such assessment shall be levied only after thirty (30) days from written demand specifying the reconstruction, repair, and/or replacement by the Board of Directors of the Association to the Owner of the building, unit or townhouse, when the work demanded is not completed within said 30 day period; provided, however, the Board may, but is not required to, authorize any repair, replacement or restoration of an emergency nature to protect any building or the contents thereof and may assess the related costs against the Owner of said building.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members 60 days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be more than 60 days following the preceding meeting.

Section 7. Rate of Assessment. The annual assessment authorized in this Article must be at a uniform rate for all lots, except as provided in section 3 above. Special assessments authorized must be at a uniform rate for all improved lots.

Section 8. Date of Commencement of Annual Assessment Due Dates. The annual assessments provided herein shall commence as to all Lots on the first day of January, 1976, unless otherwise fixed. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of the assessments on a lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment authorized herein not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of nine percent (9%) per annum. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

EXTERIOR MAINTENANCE

The Association shall maintain the Common Area, all improved lots and the exterior surfaces of all buildings located on the premises. Any temporary or permanent obstruction placed or existing on any lot which interferes with such maintenance shall be sufficient cause for the Association to refuse to maintain the obstructed portion of the lot so long as the obstruction remains. The Board of Directors of the Association may adopt rule governing the placement of permanent plantings in the Common Area.

Lots not subject to full assessment pursuant to Section 3(e) of Article IV may receive such maintenance as the Board of the Association deems necessary in view of their partially completed state.

ARTICLE VI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhouses upon the Property and placed upon the dividing line between lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, Chapter 563, Code of Iowa, and the general rules of law regarding party walls and liability for property damage arising from negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to the interest of each therein, except when such repair or maintenance arises out of the neglect or negligence of one Owner, that owner shall bear the entire expenses of such maintenance or repair.

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

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole and entire cost of furnishing all necessary protection against such elements.

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

Section 6. Disputes. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party may choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, the costs of such arbitration to be borne equally between the Owners involved; provided, however, this section shall not be construed to limit the rights of any owner at law or in equity.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, exterior wall or other exterior structure of any kind shall be commenced, erected or maintained upon the property, nor shall any exterior addition, change or alteration of any kind be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing

as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to the President of the Association, approval will not be required and this Article will be deemed to have been fully complied with. Nothing contained in this section applies to addition, change or alteration of building interiors.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-one (21) years from the date this Declaration is recorded. The Covenants may be extended by the filing of a verified claim in accordance with Iowa Code Section 614.24 prior to the expiration date. This Declaration may be amended by an instrument signed by not less than ninety percent (90%) of the Owners. Any amendment must be recorded.

Section 4. Annexation.

(a) Additional residential property, Common Area and/or related property may be annexed to the Property and be subjected to the jurisdiction of the Association with the consent of one-half (1/2) of the members, however,

Section 5. Storage. There shall be no storage of timber, firewood, lumber or other material for fuel or construction anywhere on the Property except as follows:

- 1) Storage by the developer or any other contractor while actually engaged in construction, development, improvement or repair on the Property, or Storage inside any completed building, or
- 2) Storage of firewood in an orderly fashion, in a quantity not exceeding one cord
- 3) (defined as having dimensions of 4 feet by 4 feet by 8 feet) if stacked and located

in an area approved or designated by the Board of Directors of the Association or a committee appointed by the Board to perform that function.

No unused old automobiles, machinery or junk of any kind shall be kept on the property. No vehicle built for, or adapted to, or modified for racing purposes shall be kept or stored on the Property except within a garage. No campers, trailers, or recreational vehicles shall be kept on the Property other than on an area designated by the Board for such articles.

Section 6. Activities. No obnoxious, offensive trade or activity shall be conducted on the Property nor shall anything be done or permitted which may be or become an annoyance or nuisance to the neighbors. No animals, except dogs and cats, and no chickens, fowl, or livestock of any kind may be raised or kept, and any permitted animals must be on a leash at all times, except when in a dwelling, whether said animals are on or off the premises. No dog kennels or pens or runs shall be permitted on the Property. Nothing contained in this section shall be construed to prohibit sales or development of the Property.

Section 7. Businesses. No business of any kind or nature for pecuniary profit or otherwise, shall be carried on upon the Property nor shall any educational institution, school, or children's nursery be conducted, held, or carried on upon the Property. Nothing contained in this section shall be construed to prohibit sales or development of the Property.

Section 8. Signs. No signs, billboards, or advertising devices, except those used in the sale of the Property, shall be placed on any lot or building on the Property.

Section 9. Insurance. Each Owner, or Owners if more than one person, of a townhouse building located on the Property shall:

(a) insure and keep insured said townhouse building for a minimum of ninety percent of its replacement value, and the proceeds of such insurance shall be used, and available, to repair, replace, or restore the damaged premises as nearly as possible to the same condition that existed before the event, or events, which caused any loss; and,

(b) waive and release any right of action or subrogation that said Owner(s) may have against the Association or any other Owner of any townhouse building located on the same block of the property from any liability for loss by fire to said Owner(s) townhouse building or contents regardless of the cause of the loss or damage.

Section 10. Motor Vehicle Usage. No motor vehicles shall be allowed off the hard surfaced parking areas and/or roads on the Common Area, except for property development, maintenance, improvement, emergency or construction. There shall be no usage of motor vehicles upon the Property except by licensed operators for transportation, development, maintenance, improvement, emergency or construction.