

BYLAWS
OF
GRANITE RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I. PURPOSES

Granite Ridge Homeowners Association (hereinafter called the "Association") will conduct its activities to promote the purposes for which it was organized as set forth in Articles III and IV of the Articles of Incorporation. No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Bylaws, the Association shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE II. OFFICES

Section 2.1 Principal Office. The principal office of the Association in the State of Iowa shall be located in the City of West Des Moines, Dallas County, Iowa. The Association may have such other offices, either within or without the State of Iowa as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 2.2 Registered Office. The registered office of the Association in the State of Iowa may be, but need not be, identical with the principal office in the State of Iowa, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE III. MEMBERSHIP

Section 3.1 Members. Every owner of a Lot in Granite Ridge Plat 1 shall be a Member of the Association. When more than one person holds an interest in any Lot, all such persons shall be Members. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment set forth in the Declaration of Covenants, Conditions and Restrictions. Ownership of a Lot shall be the sole qualification for membership.

Section 3.2 Voting. Subject to the provisions of Section 3.4 of this Article, the owner(s) of a Lot shall be entitled to one vote for each Lot owned. The vote for each Lot shall be exercised as the owners of the Lot, among themselves, determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 3.3 Suspension of Voting Rights. The Association shall suspend the voting rights of a Member for any period during which any assessment against the Member's Lot remains unpaid. The Association may suspend the voting rights of a Member for a period not to exceed sixty (60) days for

an infraction of the Association's published rules and regulations.

Section 3.4 Sole Voting Member. TJK Investments, L.C. shall be the only Member of the Association entitled to vote for so long as it holds title to any Lot or until it waives, in writing, its right to be the sole voting member.

Section 3.5 Annual Meeting. The annual meeting of the Members of the Association shall be held at such place and on such date and time as established by the Board of Directors from time to time for the purpose of electing the Board of Directors of the Association and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If a quorum is not present for the election or transaction of business on the day designated herein for the annual meeting of the Members, the Members shall cause the annual meeting to be held at a special meeting of the Members as soon thereafter as it may conveniently be held. Notwithstanding the foregoing, no annual meetings of the Members shall be required for so long as TJK Investments, L.C. shall be the only Member of the Association entitled to vote or until it waives, in writing, its right to be the sole voting member.

Section 3.6 Special Meetings. Special meetings of the Members may be called by or at the request of the President or a majority of the Members upon the written demand, signed, dated and delivered to the Secretary. Such written demand shall state the purpose or purposes for which such meeting is to be called. The time, date and place of any special meeting shall be determined by the Board of Directors, or, at its direction, by the President.

Section 3.7 Notice of Meetings. Written notice stating the place, date and time of each annual meeting and special meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than five (5) days and not more than fifty (50) days before the date of the meeting, delivered personally or mailed to each Member at his or her personal or business address. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid.

Section 3.8 Quorum. Twenty-five percent (25%) of the number of the Members shall constitute a quorum for the transaction of business at any meeting of the Members, but if less than the required quorum is present at a meeting, a majority of the Members present may adjourn the meeting without further notice. 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 fifty percent (50%) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Subject to Section 3.4 of this Article, if a quorum is present, the affirmative vote of a majority of the number of the Members shall be the act of the Members.

Section 3.9 Presumption of Assent. A Member of the Association who is present at a meeting of the Members at which action on any matter is taken shall be presumed to have assented to the action taken unless the Member's dissent shall be entered in the minutes of the meeting or unless the Member has submitted written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the

Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Member who voted in favor of such action.

ARTICLE IV. BOARD OF DIRECTORS

Section 4.1 General Powers. The business and affairs of the Association, shall be managed by its Board of Directors. The Board of Directors shall manage the business and affairs of the Association in such a manner so as to comply with the meaning of the terms and limitations of the Articles of Incorporation, these Bylaws and the Declaration of Covenants, Conditions and Restrictions so that such actions will not jeopardize the federal income tax exemption of this Association pursuant to the provisions of Section 528 of the Internal Revenue Code as now in force or as may be amended.

Section 4.2 Number, Tenure and Qualifications. Subject to Section 4.3 of this Article, the Board of Directors of the Association shall consist of two (2) Directors, which number may be changed from time to time by vote of the Members of the Association. The Directors shall serve for a term of one (1) year commencing with appointment or until a successor shall have been appointed or elected and qualified.

Section 4.3 Appointment of Board of Directors. TJK Investments, L.C. shall appoint the Board of Directors of the Association and determine the number of Directors of the Association for so long as it holds title to any Lot or until it waives, in writing, its right to be the sole voting member.

Section 4.4 Annual and Regular Meetings. An annual meeting of the Board of Directors shall be held without notice immediately after, and at the same place as the annual meeting of the Members for the purpose of organization, election of Officers and the transaction of other business. Regular meetings of the Board of Directors may be held at such time and place as the Board of Directors shall by resolution fix and determine from time to time without other notice than such resolution.

Section 4.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or a majority of the Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Iowa, as the place for holding any special meeting of the Board of Directors called by them.

Section 4.6 Notice. Notice of any special meeting shall be given not less than five (5) days and not more than fifty (50) days before the date on which the meeting is to be held, by written notice delivered personally or mailed to each Director at his/her personal or business address. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise provided in these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 4.7 Quorum. A majority of the number of Directors shall constitute a quorum for

the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting without further notice. At all meetings of Directors, a quorum being present, the act of the majority of the Directors present at the meeting shall be the act of the Board of Directors.

Section 4.8 Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless the dissent shall be entered in the minutes of the meeting or unless the Director submits a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 4.9 Action Without Meeting. Any action required to be taken at a meeting of the Directors, or any other action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. For purposes hereof, facsimile signatures shall be adequate to show consent.

Section 4.10 Resignation and Removal. Any Director may at anytime resign by serving written notice thereof on the remaining Directors. A Director may be subject to removal, with or without cause, at a meeting of the Members called for that purpose in the manner prescribed by law. A Director who misses more than three (3) consecutive board meetings will be subject to removal upon resolution by the Board of Directors.

Section 4.11 Vacancies. Subject to Section 4.3 of this Article, any vacancy occurring in the Board of Directors and, to the extent permitted by law, any Directorship to be filled by reason of an increase in the number of Directors, may be filled by election by a majority of the then sitting Directors of the Association. A Director so elected shall serve the unexpired term of his/her predecessor in office or the full term of such new Directorship, as the case may be.

Section 4.12 Compensation. Directors shall serve without compensation, except reasonable expenses may be paid. However, to the extent deemed necessary by the Association, the Association may retain the services of a Director other than in the capacity as a Director and the Director may be compensated for services so rendered as the Board of Directors may from time to time deem appropriate.

ARTICLE V. OFFICERS

Section 5.1 Designation of Officers, Election and Term of Office. The Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. Any two or more offices may be held by the same person. The Officers shall be elected annually at the annual meeting of the Board of Directors held after the annual meeting of the Members and each Officer shall hold office until a successor shall have been duly elected and qualified or upon death, resignation or removal.

Section 5.2 Management Company. So long as TJK Investments, L.C. holds title to any Lot or until it waives, in writing, its right to be the sole voting member, the Board of Directors may, in its discretion, contract with a professional management company to manage the regular business and affairs of the Association and shall have other such powers and duties as the Board of Directors shall specify at the expense of the Association.

Section 5.3 Resignation. Any Officer may at anytime resign by serving written notice thereof on the Board of Directors. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and, unless otherwise specified therein, acceptance thereof shall not be necessary to make it effective.

Section 5.4 Removal. Any Officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. Any Officer holding the position of President, Vice President, Secretary or Treasurer shall automatically be removed if the individual holding the subject office is no longer a Member.

Section 5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term.

Section 5.6 Salaries. The President, Vice President, Secretary and Treasurer shall serve with compensation which shall be fixed from time to time by the Board of Directors. Further, to the extent deemed necessary by the Association, the Association may retain the services of the President, Vice President, Secretary and Treasurer other than in their capacity as such Officers and they may be compensated for services so rendered as the Board of Directors may from time to time deem appropriate.

ARTICLE VI. INDEMNIFICATION

Except for any prohibition against indemnification specifically set forth in these Bylaws or in the Revised Iowa Nonprofit Corporation Act at the time indemnification is sought by any member, director, officer, employee, volunteer or agent of the Association, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that the person is or was a member, director, officer, employee, volunteer or agent of the Association, or is or was serving at the request of the Association as a member, director, officer, employee or agent of another Association, partnership, joint venture, trust or other enterprise (such serving as a member, director, officer, employee or agent of the Association or at the request of the Association referred to herein as "serving on behalf of or at the Association's request"), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit, or proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in

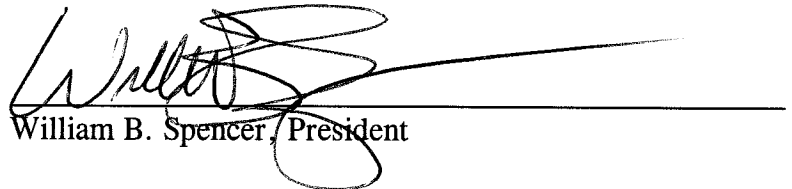
good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that person's conduct was unlawful.

ARTICLE VII. SEAL

The Association shall have no corporate seal.

ARTICLE VIII. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of the Directors of the Board of Directors at any regular or special meeting of the Board of Directors provided that a minimum of thirty (30) days notice in writing of the character of the proposed alteration, amendment or repeal is given to all Directors of the Board of Directors. As long as TJK Investments, L.C. is the sole voting member of the Association, any amendments to these Bylaws shall be subject to the prior written approval of any of the Federal Mortgage Agencies having an interest in the Lots or any portion thereof.


William B. Spencer, President