

BY-LAWS
OF WATERBURY OAKS
A HORIZONTAL PROPERTY REGIME (CONDOMINIUM)

The administration of the property submitted to the attached Declaration of Establishment of a Horizontal Property Regime (Condominium) to be known as Waterbury Oaks, shall be governed by the following By-Laws which are annexed to the Declaration and made a part thereof.

1. The administration of the Horizontal Property regime shall be in the charge of an Executive Board of administration consisting of the president, vice president, and secretary-treasurer of the council of co-owners also known as the Waterbury Oaks Owners' Association. The officers comprising the Executive Board shall be elected and may be removed as set forth in these By-Laws and they shall receive such compensation as may be fixed from time to time by the Owners' Association as set forth in these By-Laws.

2. The counsel of co-owners to be known as the Waterbury Oaks Owners' Association shall be governed as follows:

A. **(5/28/05)** Meetings of the Association shall be held in the apartment unit of the president of the Owners' Association or such other suitable place convenient to the owners as may be designated by the president. The president shall preside over the meeting and the secretary-treasurer shall keep the minutes wherein all resolutions and other business conducted shall be recorded. In the absence of the president, the meeting may be conducted by the vice president. In the absence of both the president and vice president, the meeting may be conducted by the secretary-treasurer. In the absence of the secretary-treasurer, the presiding officer shall appoint a secretary-treasurer pro tem. No notice need be given of the Owners' Association annual meeting unless a special assessment or amendment to the Declaration or By-Laws is to be discussed and voted upon.

B. **(5/28/05)** The annual meetings of the Association shall be held at 9 AM on the 1st Saturday of June, or another convenient time if need be, for the purpose of electing officers and transacting any other business authorized to be transacted by the Association.

C. Special meetings of the Association may be called by the president and shall be called by the president upon written request signed by the owners of at least four (4) of the units. Notice of such special meeting shall be given to all owners by ordinary mail addressed to their last known address as shown in the records of the Association not less than ten (10) nor more than thirty (30) days prior to the date set for such meeting. The notice thereof shall state the time, place and purpose of such meeting. No business may be conducted at such meeting other than as stated in the written notice unless all owners are personally in attendance and consent to such other business being conducted. Following proper request, should the president fail or be unable to call a special meeting, the vice president, or secretary-treasurer shall call the meeting.

D. A quorum at Association meetings shall consist of the owners of at least five (5) of the units. Action approved by a majority of those present at a meeting at which a quorum is present shall be valid except where approval by a greater number is required by the Declaration or these By-Laws. Written proxies designating an owner's vote on a matter or granting another owner authority to vote the absent owner's ballot on any issue is allowed and such owner's proxy shall be counted in determining a quorum of the meeting. Each unit shall be entitled to one vote on any issue properly before a meeting with the vote to be cast by an owner of the unit as shown on a duly recorded deed to the unit. In the event of disagreement between co-owners of a unit regarding any vote, the owner whose name appears first on the deed who is present either in person or by proxy shall be entitled to cast the vote.

E. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the secretary-treasurer before the time of the meeting. All votes cast shall be either yay, nay or abstention.

F. If any Association meeting cannot be held because a quorum is not in attendance, the owners who are present, either in person or by proxy, may adjourn the meeting until such time as a quorum is present.

G. The order of business at all annual meetings of the Association shall be as follows:

- i. Roll call and certification of proxies.
- ii. Reading of the minutes of the preceding meeting.
- iii. Report of officers.
- iv. Report of committees.
- v. Election of officers.
- vi. Unfinished business.
- vii. New business.
- viii. Adjournment.

H. All meetings shall be conducted in accordance with Roberts Rules of Order.

3. **(5/28/05)** The president, vice president, and secretary-treasurer comprising the Executive Board shall be elected by a 5/8 majority vote each year at the annual meeting and shall serve until their successors are duly elected. There shall be no term limitation on any office.

The powers and duties of the Executive Board shall include all the powers and duties under Chapter 499B, Code of Iowa (1997) and amendments thereto, the Declaration and these By-Laws. The powers and duties shall include the following:

A. To recommend budgets and collect assessments against members to pay the costs and expenses of the Horizontal Property Regime.

B. To use the proceeds of assessments in the exercise of the powers and duties.

C. To maintain, repair, furnish, replace and operate the property of the Horizontal Property Regime.

D. To purchase insurance upon the condominium property and insurance for the operation of the Association and its members, including but not limited to casualty and liability insurance. Casualty insurance shall be purchased at replacement cost value of the building and other improvements. Any policy purchased by the Association shall provide coverage as provided in the Declaration.

E. To reconstruct improvements after casualty and to further improve the property.

F. To make and amend reasonable regulations, standards and rules of conduct regarding the use and occupancy of the property.

G. To enforce by legal means, if necessary, the provisions of law, the Declaration, these By-Laws and all regulations, standards and rules of conduct properly adopted.

H. To contract for the management of the property and to delegate to a manager such powers and duties of the Board as it may deem appropriate and to terminate such management. The Board shall also have the power to employ attorneys, accountants and such other professional persons as may be necessary to assist in management.

I. To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the common areas and facilities.

J. **(5/28/05)** All actions of the Executive Board shall be with the consent and approval of three of the Executive Board members and all actions of the Executive Board shall be subject to review and modification or cancellation by a 5/8 majority vote of any duly called annual or special meeting of the Owners' Association.

K. All officers shall be owners, spouses of owners or agents of corporate or fiduciary owners.

L. Compensation of all officers, if any, shall be fixed by the Owners' Association at any duly called annual or special meeting.

M. The annual meeting of the Executive Board shall immediately follow the annual meeting of the Owners' Association each year at which meeting the Board shall determine what time, if any, and place, shall be established for periodic Board meetings.

N. **(5/28/05)** Special meetings of the Executive Board may be called by verbal agreement of all three (3) officers with notice of such special meeting to be given to the other officers stating the time, place and purpose thereof. In the absence of an Executive Board member, such notice shall be mailed by ordinary mail to each Executive Board member at their last known address as shown in the records of the Owners' Association at least ten (10) but not more than thirty (30) days prior to such meeting.

O. A quorum of the Board shall be two of the Board members and proxies shall not be allowed. All matters properly before the meeting shall be approved by a majority of those present and in the event a majority decision cannot be reached or a tie vote results on any issue, the issue shall fail. Any issue which fails as a result of a tie shall not be recast in the negative.

P. Business and resolutions of the Executive Board may be conducted and put into effect without a formal meeting of the Board provided the full particulars of the item are reduced to writing and signed by all Board members. Minutes of all Executive Board meetings shall be kept by the secretary-treasurer and written actions taken by the Board in lieu of a formal meeting shall be filed with the secretary-treasurer who shall keep the minutes separate from the minutes of the Owners' Association. The minutes of the Executive Board shall be made available for inspection and copying by any owner.

Q. If desired by the Association or the Board, a blanket fidelity bond may be secured to cover any person who may handle Association funds. The premium of such bond shall be paid from Association funds.

R. **(5/28/05)** By 3-0 vote, the Executive Board may approve non-budgeted expenditures up to \$500. All expenditures over \$500 shall be approved by a 5/8 majority vote of the Owners' Association. Approval by a 5/8 majority of the Owners' Association of expenditures in excess of \$500 shall be noted in the minutes of the Owners' Association. These limitations may be altered by resolution approved by a 5/8 majority vote of the Owners' Association.

S. **(5/28/05)** By a 5/8 majority vote, vacancies on the Executive Board shall be filled from the remaining non-serving Association members until the next annual meeting. No person shall serve as more than one officer at the same time, except for the secretary-treasurer who shall be one individual.

T. The individual duties and responsibilities of the officers shall be as follows:

i. The president shall be the chief Executive officer of the Board and Association. The president shall preside over all meetings of the Board and the Association, and subject to the provision of these By-Laws and the Declaration, the president shall be authorized to sign all documents on behalf of the Board or Association.

ii. The vice president shall, in the absence of the president, perform all duties of the president. The vice president shall also perform such other duties and provide assistance to the president as may be imposed by the Association, Board or president.

iii. (5/28/05) The secretary-treasurer shall keep the minutes wherein resolutions and other business of the Association and Board shall be recorded. The secretary-treasurer shall be responsible for giving notice to members of the Owners' Association or Board of all meetings or other matters as may be required by law, the Declaration, By-Laws, or direction of the Owners' Association or Board. The secretary-treasurer shall keep the books of account of the Owners' Association and Board and shall keep the checkbook of the Association and any other books of deposit. The secretary-treasurer shall keep full and accurate accounts of all receipts and disbursements of the Association in accordance with good accounting practices and perform all other duties incident to the office of treasurer. The secretary-treasurer, may, with approval of a majority of the Executive Board, hire a bookkeeper or accountant to assist in performing the duties of the office of treasurer.

iv. (5/28/05) Form 1120-H, U.S. Income Tax Return for Homeowners Association, needs to be filed by the secretary-treasurer each year between July 1st and September 15th. Compensation for the secretary-treasurer's filing of taxes will be determined yearly by the Executive Board.

4. The Executive Board shall oversee the fiscal management of the property.

A. (5/28/05) The Executive Board, at their annual meeting, shall adopt a budget for each management year which shall run from July 1st through June 30th of each year. The annual budget shall include the following accounts:

i. Current Expenses Account. The current expenses account shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable amount for contingencies and working funds. This account shall be the general account used for day-to-day management of the property. Any balance remaining in this account at the end of each year may be applied to reduce the assessment for this account for the succeeding year.

ii. Reserve Maintenance Account. The reserve maintenance account shall include funds for maintenance items which occur less frequently than annually and funds for replacement or repair of items required because of damage, depreciation or obsolescence.

iii. Funds from the current expenses account shall not be used to cover any shortfall in the reserve maintenance account. The reserve maintenance account shall be funded through special assessments as provided in these By-Laws.

B. (5/28/05) Each unit shall contribute one-eighth (1/8) of the annual assessment used to fund the current expenses account. The annual assessment shall be determined by the Executive Board preparing a budget for the current expenses account, which budget shall be prepared and a copy mailed to each owner at least ten (10) days before the annual meeting of the Owners' Association. At the annual meeting of the Owners' Association, the secretary-treasurer shall present the proposed budget for the current expenses account during the officers' report portion of the meeting for the consideration and approval of the Owners' Association. A 5/8 majority vote of those present either in person or by proxy shall be required to approve the budget and assessment. In the event no budget is approved and no annual assessment made, the assessment from the prior management year shall continue at the same amount. The annual assessment shall be paid in two equal payments due on the 1st of June and the 1st of December during each management year.

C. Unpaid annual assessments and/or unpaid special assessments shall constitute a lien on the unit for which the assessment is unpaid as provided for in Section 499B.17, Code of Iowa (1997) and amendments thereto. Annual assessments and/or special assessments remaining unpaid more than ten (10) days after they are due shall carry interest at the rate of ten (10) percent per annum. The Executive Board, acting through the president, shall be responsible for collecting all unpaid assessments, which may be collected by foreclosure or suit for money judgment as provided for in Section 499B.17, Code of Iowa (1997) and amendments thereto.

D. (5/28/05) Special assessments for non-emergency items in the reserve maintenance account shall require the affirmative vote of a 5/8 majority of the unit owners. Special assessments for non-emergency items or special assessments to

replenish the current expenses account shall require the affirmative vote of at least a 5/8 majority vote of the unit owners. Such vote shall be taken only after notice in the manner required for special meetings has been given to all owners setting forth the date, time and place of the meeting to discuss special assessment; the amount of the special assessment; and the manner in which the special assessment will be collected. Nothing in this paragraph shall prohibit the Executive Board from proposing and submitting a special assessment for approval at the annual meeting of the Owners' Association.

E. (5/28/05) Special assessments as the result of an emergency shall be made only after notice thereof and the need therefore has been given to all owners in the same manner as notice for special assessments of a non-emergency nature. Approval of an emergency special assessment shall require a 5/8 majority vote of the owners and shall become due within thirty (30) days of the approval.

F. (5/28/05) An accounting shall be made of all Association accounts at least yearly at the annual meeting of the Owners' Association. A 5/8 majority vote of the owners or a 3-0 majority vote of the Executive Board may require an audit of the accounts by an independent party with the cost of such audit to be paid from the current expenses account.

5. (5/28/05) No amendment to these By-Laws shall be valid unless set forth in writing, signed by at least a 5/8 majority, and duly recorded with the Dickinson County Recorder. The By-Laws may be amended by the Association at a duly called meeting for such purpose. No amendment shall take effect unless approved by a 5/8 majority vote of the owners.