

BY-LAWS
OF
TERRACE RIDGE HOMEOWNERS' ASSOCIATION, LTD

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Unit Ownership. Certain property located south of Pioneer Parkway, addresses being, 5601, 5603, 5605, 5607, 5609, 6117, 6118, 6119, 6120, 6121, 6122, 6123, 6124, 6125, 6126, 6132, 6134, 6136, 6138, 6140, 6142, 6144, 6146, 6148, 6150, 6152, 6154, 6156, 6158, 6160, 6162, all at Terrace Drive in Johnston, Iowa is more particularly described in the Declaration of Condominium for Terrace Ridge dated the 4th day of June 1984. The condominium thereby created is known as Terrace Ridge (hereinafter called the "Regime").

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property, as defined in the Declaration of the Regime and to the use of occupants thereof.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of the Units and their employees, and any other persons who may use the "Common Elements" of the Property in any manner are subject to these By-Laws, the Declaration, the Rules and Regulations and all covenants, agreements, restrictions, easements and declarations of record ("Title Conditions"). The acceptance of a Warranty Deed or the entering into a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations, the provisions of the Declaration, as they may be amended from time to time and the Title Conditions are accepted, ratified, and will be complied with in their entirety.

ARTICLE II

BOARD OF DIRECTORS

~~Section 1. Number and Term. The number of Directors which shall constitute the whole Board of Directors shall be three (3). All Directors shall be Unit Owners. At least one third of the terms of the Directors shall expire annually. In any event, however, each Director shall hold office until such time as his or her successor has been elected.~~

Section ~~2~~1. Powers and duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Regime and may do all such acts, except those prohibited by Law or by the Declarations or by these By-Laws. Such power and duties of the Board of Directors shall include, but shall not be limited to the following:

- (a)a. Operation, care, upkeep, and maintenance of the Common Elements.
- (b)b. Determination of the Common Expenses required for the affairs of the Regime, including, without limitation, the operation and maintenance of the Property. Any proposal for a single capital expenditure in excess of \$5000 must be provided to all Unit Owners in writing ten days prior to distribution of these funds and prior to the time a contract is approved.
- (c)c. Collection of the common charges from the Unit Owners.
- (d)d. Employment and dismissal of the personnel necessary or advisable for maintenance and operation of the Common Elements.
- (e)e. Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property subject to ~~the~~ right of the Unit Owners to overrule the Board, (see Article VI, Section 16).
- (f)f. Administration of bank accounts and maintenance of a safety deposit box and other financial accounts on behalf of the Regime and designation of the signatories required thereof.
- (g)g. Obtaining insurance for the Property, including the Units, pursuant to the Provisions of Article VI, Section 8 hereof.
- (h)h. Making repairs, ~~additions~~ additions, and improvements to, or alterations of, the Property and repairs to and restoration of the Property in accordance with the provisions of these By-Laws.
- (i)i. The Board of Directors shall have the power to enforce obligations of the Unit Owners, to allocate income and expenses, and to do anything necessary and proper for the sound management of the Regime. The Board shall have the power to levy fines against the Unit Owners for violations of reasonable Rules and Regulations established by it to govern the conduct of the Unit Owners. ~~No fine may be levied for more than \$10.00 for any one violation but for each day a violation continues after notice, it shall be considered a separate violation. Collection of fines may be enforced against the Unit Owners involved as if the fines were common charges owed by the particular Unit Owner.~~
- (j)j. Grant or relocate easements.

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Section 21. Designation. The principal officers of the Association Board of Directors shall be the President, the Vice President, the Secretary, and the Treasurer, and At-Large members all of whom shall be elected by the Board of Directors Association members at the annual meeting. The Board of Directors may appoint an Assistant Treasurer, an Assistant

Secretary, and such other officers as in its judgment may be necessary. ~~The President and Vice President, but no other officers, need be members of the Board of Directors.~~

a. President. The President shall be the chief executive officer of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of President of a corporation organized under the Iowa Business Corporation Act, including but not limited to the power to appoint committees from among the Unit Owners from time to time as decided appropriate to assist in the conduct of the affairs of the Regime.

b. Vice President. The Vice President shall take the place of the President and perform the Presidents duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors or by the President.

c. Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Iowa Business Corporation Act.

d. Treasurer. The Treasurer shall have the responsibility for the Regime funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and shall in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Iowa Business Corporation Act.

e. At-Large. At-Large members of the Board of Directors shall participate in all board meetings and have full voting rights..

Section 23. Election of Board of Directors Officers.. The officers of the Association ~~Board of Directors~~ shall be elected annually by the ~~Board of Directors~~ Unit Owners at the annual organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected at the subsequent annual meeting.

Section 34. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his/her successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Unit Owners and of the Board

of Directors. The President shall have all the general powers and duties which are incident to the office of President of a corporation organized under the Iowa Business Corporation Act, including but not limited to the power to appoint committees from among the Unit Owners from time to time as decided appropriate to assist in the conduct of the affairs of the Regime.

Section 5. Vice President. The Vice President shall take the place of the President and perform the Presidents duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the Minutes of all meetings of the Unit Owners and of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Iowa Business Corporation Act.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Regime funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and shall in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Iowa Business Corporation Act.

Section 85. Agreements. Contracts. Deeds. Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 96. Compensation of Directors. No Directors shall receive any compensation from the Association for acting as such.

Section 10. Nominating Committee. At least thirty (30) days prior to the annual meeting of members, the President shall appoint, subject to approval of the Board of Directors, a Nominating Committee of at least three members. At least fifteen (15) days prior to the annual meeting, the Nominating Committee shall submit in writing to the members the names of nominees for each Directorship to be filled. Additional nominations may be made from the floor at the annual meeting. what is supposed to be here?

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Section 37. Managing Agent and Manager. The Board may engage the services of an agent to act as the "Managing Agent" to maintain, repair, replace, administer, and operate the Property, or any part thereof, to the extent deemed advisable by the Board. The Board also

has authority, but shall not be obligated, to engage, supervise and control such employees as the Board deems advisable to clean and maintain all or any part of the Units and/or Common Elements and to contract with a single entity for regular and/or periodic trash removal. The cost of such services shall be a Common Expense.

Section 48. Term of Managing Agent. The Board may from time-to-time enter into a management agreement between the Association and a management company to act as Managing Agent for the Property. Such management agreement shall be for a term of one (1) year and shall be renewable by consent of the Association and Managing Agent. The Association and the management company shall each have the option of terminating said management agreement upon thirty (30) days written notice to that effect without penalty. The management agreement shall be terminable for cause upon thirty (30) days' notice, subject to majority vote of the Association.

Section 59. Removal. Directors may be removed for cause by an affirmative vote of a majority of the Unit Owners. No Director shall continue to serve on the Board if, during his/her term of office, he/she ceases to be a Unit Owner.

Section 610. Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a Director thereof by a vote of the Unit Owners, shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a Director of the Board of Directors for the remainder of the term of the Director and until a successor shall be elected at the next annual meeting of the Unit Owners.

Section 711. Organizational Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the Unit Owners at the meeting at which such Board of Directors shall have been elected, and that no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing the majority of the whole Board of Directors shall be present thereat.

Section 812. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the majority of the members of the Board of Directors, but at least two such meetings shall be held during each fiscal year. Notice /agenda of regular meetings of the Board of Directors shall be given to each member of the Board of Directors at least ~~three (3) business~~ ten (10) days prior to the day selected for such meeting. For open meetings, notice of shall be posted on the Regime;s website a minimum of seven (7) days prior to the day selected for such meeting.

Section 913. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each member of the Board of Directors. The notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by any Director in a similar manner and with a similar notice of written intent by at least two (2) members of the Board of Directors.

Section ~~40~~14. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and a vote of a majority of the members of the Board of Directors present at any meeting at which a quorum is present shall constitute the decision of the Board of Directors.

~~Section 11. Fiduciary Bonds. The Board of Directors shall attempt to obtain adequate fiduciary bonds for all officers and employees of the Association handling or responsible for Association funds. The premium of such bonds shall constitute a Common Expense.~~

Sections ~~12~~15. Compensation. No member of the Board of Directors or Corporate Officer shall receive any compensation from the Association.

Section ~~13~~16. Liability. The Board of Directors and Officers of the Association shall not be held personally liable to the Unit owners for any mistake of judgment or for any acts or omissions of any nature whatsoever as a Director or Officer, except for any acts or omissions found by a court to constitute gross negligence, fraud or intentional wrongdoing. The Unit Owners shall indemnify and hold harmless each of the Directors and Officers and their respective heirs, executors, administrators, successors and assigns in accordance with the provisions of the By-Laws.

ARTICLE III.

UNIT OWNERS

Section 1. Annual Meeting. A meeting of Unit Owners shall be held annually. At said meeting there shall be elected by ballot of the Unit Owners, a Board of Directors in accordance with the requirements of Article II of these By-Laws. The Unit Owners may also transact such other business of the Association as may properly come before them.

Section 2. Place of Meeting. The annual meeting shall be held at a place suitably convenient to Unit Owners as may be designated by the Board of Directors.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners as directed by the Board of Directors or upon a petition signed by at least one third in number of the Unit Owners having been presented to the Board of Directors.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to deliver or mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each Unit Owner of record at least ~~five (5)~~seven (7) days prior to such meeting.

Section 5. Adjourned Meetings. Any meeting of the Board of Directors may be adjourned from time to time and to any place, without further notice, by the affirmative vote

of a majority of the Directors present at the meeting, even if less than a quorum. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting with a quorum present.

Section 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows.

- ~~(a)~~a. Roll Call or determination of attendance and quorum.
- ~~(b)~~b. Proof of notice of meeting.
- ~~(c)~~c. ~~A copy of Reading of~~ minutes of the preceding, annual, or special meeting.
- ~~(d)~~d. Report of ~~officers and~~ Board of Directors.
- ~~(e)~~d. Report of Committees.
- ~~(f)~~f. Unfinished business.
- ~~(g)~~g. New business.
- ~~(h)~~h. Election of members of the Board of Directors (when so required).
- ~~(i)~~i. Adjournment.

Failure to comply with this Section shall not affect the validity of any action taken at any meeting unless (a) specific and timely objection is made at said meeting, and (b) the person complaining sustains direct and material damage because of such failure.

Section 7. Title to Units. Title to Units may be taken in the name of an individual or in the names of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership, or by any other legal entity.

Section 8. Voting. The Owner or Owners of each Unit or some person designated by such Owner or Owners to act as proxy on his/her or their behalf who need not be an Owner shall be entitled to cast one vote appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary and shall be revocable at any time by written notice to the Secretary by the Owner or Owners so designating. Any or all such Owners may be present at any meeting of the Unit Owners and may vote in person or by proxy. Each Unit Owner shall be entitled to cast one vote at all meetings of the Unit Owners applicable to its Unit.

Section 9. Majority of Unit Owners. As used in these By-Laws, the term "majority of Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 8 of this Article III.

Section 10. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of unit Owners shall constitute a quorum at all meetings of the Unit Owners.

Section 11. Majority Vote. The vote of a majority of Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes, except where in the declaration of these By-Laws, a higher percentage vote is required.

ARTICLE IV.

OFFICERS

~~Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, need be members of the Board of Directors.~~

~~Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected.~~

~~Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his/her successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.~~

~~Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Unit Owners and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of President of a corporation organized under the Iowa Business Corporation Act, including but not limited to the power to appoint committees from among the Unit Owners from time to time as decided appropriate to assist in the conduct of the affairs of the Regime.~~

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~~Section 6. Secretary. The Secretary shall keep the Minutes of all meetings of the Unit Owners and of the Board of Directors, shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under the Iowa Business Corporation Act.~~

~~Section 7. Treasurer. The Treasurer shall have the responsibility for the Regime funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and shall in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Iowa Business Corporation Act.~~

~~Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board of Directors.~~

~~Section 9. Compensation of Directors. No Directors shall receive any compensation from the Association for acting as such.~~

~~Section 10. Nominating Committee. At least thirty (30) days prior to the annual meeting of members, the President shall appoint, subject to approval of the Board of Directors, a Nominating Committee of at least three members. At least fifteen (15) days prior to the annual meeting, the Nominating Committee shall submit in writing to the members the names of nominees for each Directorship to be filled. Additional nominations may be made from the floor at the annual meeting.~~

ARTICLE IV.

NOTICES

Section 1. Definition. Whenever under the provisions of these By-Laws, notice is required to be given to the Board, Managing Agent or Unit Owner, it shall be given in writing, by mail, by depositing same in a post office or letter box in a postage-paid sealed wrapper. Notice shall be deemed given on the date of mailing. **Or can this be done through email?**

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Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the Declaration, of law, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI.

OPERATION OF THE PROPERTY

Section 1. Determination and Fixing of Common Expenses. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, determine

the amount of the Common Expenses payable by the Unit Owners to meet the Common Expenses of the Association and allocate assets of such Common Expenses among the Unit Owners in equal shares; one share for each Unit. The Common Expenses shall include, among other things, the cost of all insurance premiums of all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of Section 8 of this Article VI. The Common Expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including, without limitation, any amount for working capital of the Association, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Board of Directors shall advise all Unit Owners, promptly in writing, of the amount of the Common Expenses payable by each of them, respectively, as determined by the Board of Directors, as aforesaid and shall furnish copies of each budget on which Common Expenses are based to all Unit Owners and to their mortgages.

Section 2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI monthly, in advance or at such other time or times as the Board of Directors shall determine. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his/her Unit subsequent to a sale, transfer or other conveyance by Unit Owner (made in accordance with the provisions of Article VIII of these By-Laws) of such Unit, together with his/her Undivided Ownership Interest in the Common Elements, as defined in Article VIII hereof. A purchaser of a Unit shall not be liable for the payment of Common Expenses assessed and unpaid against such Unit prior to the acquisition by the Owner of such Unit. A mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale.

Section 3. Collection of Assessments. The Board of Directors shall assess Common Expenses against the Unit Owners from time to time (at least annually) and shall take prompt action to collect any Common Expenses due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.

Section 4. Default in Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board of Directors, such Unit Owner shall be obligated to pay a late fee per month/per event, the amount of shall be determined and voted on by Unit Owners present at the annual meeting. interest at the legal rate on such Common Expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid Common Expenses. The Board of Directors shall have the right and duty to attempt to recover such Common Expenses, ~~together with interest thereon,~~ and the expenses of the proceedings, including attorneys' fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit as provided in Iowa Code Section 499B. 17.

Section 5. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Directors to foreclose a lien on a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his/her Unit and the Plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to

collect the same. With respect to foreclosure of the Common Expenses lien, all homestead rights are deemed to be waived by the Unit Owner. A suit to recover money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the liens securing the same.

Section 6. Common Expense Before Foreclosure. Where the mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such acquirer of title, his/her successors and assigns, shall not be liable for the share of Common Expenses by the Board of Directors chargeable to such Unit prior to such acquisition. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from ~~all of all the~~ Unit Owners including such acquirer, his/her successors and assigns.

Section 7. Statement of Common Expenses. The Board of Directors ~~shall~~shall, within seven (7) days receipt of written request, provide any Unit Owner so requesting the same in writing, with the written statement of all unpaid Common Expenses due from such Unit Owner.

Section 8. Insurance. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance:

~~A. a. Insurance Responsibility of the Board of Directors. Insurance on the Buildings and for the Common Elements in an amount equal to its full replacement cost value, as determined annually by the Board of Directors. For the purposes of insurance obligations, "Building" means all structures forming part of the property Regime, including foundations, ~~floors, hearing walls,~~ exterior walls, ~~doors, windows, garage doors,~~ gutters and down spouts, roofs, and chimneys, ~~and electrical wiring, water, gas, telephone and cable service all located within structural walls.~~~~

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For the purposes of insurance obligations, "Common Elements" includes all outside parking areas, utility boards, sidewalks, driveways, stoops, the yard, exterior zone lighting fixtures and mailboxes.

- (1) i. Fire and Extended coverage's insurance covering the buildings containing the Units, including all air-conditioning equipment and other service equipment located within the Common Elements, and all exterior lighting fixtures, ~~decks and patios.~~
- (2) ii. Worker's Compensation insurance when applicable.
- (3) iii. Such other insurance as shall customarily be covered with respect to similar habitation properties, including, but not limited to, Vandalism and Malicious Mischief coverage, Directors and Officers Errors and Omissions coverage, Machinery and Equipment coverage (if applicable), and such other insurance as the Board of Directors may deem to be appropriate; and

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~~(4) Public liability insurance, with the limits of liability determined to be appropriate by the Board of Directors, covering each member of the Board of Directors, Officers, and Managing Agents, including a cross liability endorsement naming all Unit owners as Additional Insured's.~~

~~(5)~~(4) iv. Hired and Non-owned Automobile liability.

~~(6) Appropriate Fidelity Bond coverage for any officers, employees, or managing agent handling funds of the Association.~~

~~(7)~~ v. The premiums for the insurance coverage shall be a Common Expense divided equally between all Unit Owners.

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~~(8)~~ vi. The Board of Directors shall have the exclusive authority to adjust losses, enact coverage changes or cancel the coverage for the insurance coverage noted in ~~(A)~~a. above. Loss proceeds will be payable to Terrace Ridge Homeowners' Association Ltd. exclusively, and:

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(a) 1. In no event shall the insurance coverage maintained by the Association be brought into contribution with insurance purchased by individual Unit Owners or their respective Mortgagees or Loss Payables. Unit owner's policies shall contain a waiver of subrogation in favor of the Association.

(b) 2. Any policy covering the property of the Regime shall be limited to those obtained from an admitted carrier approved by the Iowa Insurance Department with an A. M. Best rating of "A" or better.

B. b. Repair or Reconstruction After a Fire or Other Casualty Loss: In the event of damage or destruction to all or part of a Building, the Board of Directors shall adjust the loss, receive the insurance proceeds, and promptly commence repair or reconstruction of the Building within sixty (60) days from the date of the loss, but excluding those repairs that are not the insurance responsibility of the Association. The owner of a damaged or destroyed Unit shall also commence appropriate repairs within sixty (60) days from the date of loss as respects their insurance responsibility. All repair or reconstruction work shall be accomplished with regard to the same building plans and specifications by which the Unit was originally constructed. Any alterations will be subject to approval of the Board of Directors. Any repair or restoration pursuant to a Fire or other Casualty loss that results in insurance proceeds that exceed the cost of such repairs, may be added to the Association's general fund, or at the option of the Board or Directors, may be divided among all the Unit Owners equally.

C. c. Insurance Responsibility of the Unit Owners. Each Unit Owner shall obtain insurance for his/her own benefit and at Iris/her own expense, equivalent to an ISO HO-6 policy form, insuring the following:

- (1) i. All property located within an area defined by the unfinished surface of the walls, floor and ceiling of each individual Unit, including their respective garage area, outside lighting fixtures, all floor coverings including tile, carpeting, and hardwood floor surfaces, wallpaper, wainscoting wall treatment, fireplace mantels, curtains and their related hardware, lighting fixtures, all built-in cabinetry and appliances, and all decorative inlay tile in entryways, kitchens and bathrooms.
- (2) ii. All property located within a Unit described as personal property for fire, extended perils, theft, Vandalism and Malicious Mischief, including Personal Liability and Medical Payments coverage.
- (3) iii. All personal insurance policies will contain a waiver of subrogation by the insurer as to any and all claims against Terrace Ridge Homeowner's Association Limited, the Board of Directors and Officers, their agents and legal representatives, and all other Unit Owners. Except for act of intentional wrongdoing, independent contractors shall not be considered agents of the before-mentioned within the meaning of such a waiver.

Section 9. Maintenance and Repairs.

- A. a. All Maintenance and replacement of and repairs to any Unit whether structural or nonstructural, ordinary or extraordinary, other than to the Common Elements contained therein, and to the doors (including the garage doors), windows, patios or decks, electrical, plumbing, heating and air conditioning fixtures within the Unit or belonging to the Unit Owner shall be done by the Unit Owner at the Unit Owner's expense.
- B. b. All maintenance, repairs and replacements to the Common Elements as defined in the Declaration shall be made by the Board of Directors and shall be charged to all Unit Owners as a Common Expense, except to the extent that the same is necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to said Unit Owner. Painting of the exterior doors, including garage doors, and exterior window sashes, is covered by this provision.

Section 10. Patios and Decks. A patio or a deck, to which there is direct access from the interior of a Unit, shall be for the exclusive use of the Owner of such Unit. Any such patio or deck shall be kept free and clean of snow, ice and any other accumulation by the Owner of such Unit who shall also make all repairs thereto caused or permitted by his/her negligence, misuse or neglect. All other repairs in, to or with respect to such patio or deck shall be made by the Board of Directors, and the cost thereof shall be a Common Expense for any Unit

Owner as of October 12, 2001. See attachment (1) containing list of all current Unit Owners of October 12, 2001. Any purchaser of a Unit on or after that date will be personally responsible for repair and replacement of his/her deck or patio.

Section 11. Restriction of Use of Units. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to residential housing and:

(a) a. The Common Elements shall be used only for the furnishing of the services for which they are reasonably suited and which are incidental to the use and occupancy of Units.

(b) b. No nuisance shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

(c) c. No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all valid laws, zoning ordinances and regulations of all governmental bodies having Jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) d. No portion of a Unit (other than the entire Unit) may be rented, and no transient may be accommodated therein.

~~(e)~~ e. No short-term rentals, e.g. VRBO, AirBnb, etc., shall be allowed.

(e) f. No Unit may be leased for more than one year, except with the written consent of the Board of Directors, which consent must be obtained notwithstanding a Unit Owner's compliance with the provisions of the Article VIII of these By-laws. The unit owner shall provide the Board of Directors a copy of the updated lease on an annual basis.

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Section 12. Improvements.

A. a. If fifty percent (50%) or more but less than seventy percent (70%) of the Unit Owners agree to make an improvement to the Common Elements, the cost of such improvement shall be borne solely by the Unit Owners so agreeing, upon Board of Directors approval.

~~A.~~

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- B. b. Seventy percent (70%) or more of the Unit Owners may agree to make an improvement to the Common Elements and assess the cost thereof to all Unit Owners as a Common Expense if the cost of such improvement is not in excess of percent (10%) of the then value of the Regime, upon Board of Directors approval.

Section 13. Additions. Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his/her Unit, without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement.

Section 14. Use of Common Elements. A Unit Owner shall not place or cause to be placed in the Common Areas, other than a deck or a patio to which such Unit Owner has direct access or a driveway or entryway to which such Unit Owner has exclusive rights, any furniture, packages or objects of any kind.

Section 15. Right of Access. A Unit Owner shall grant right of access to his/her Unit to the manager and/or the managing agent and/or any other person authorized by the Board of Directors, the manager or the managing agent, for the purpose of making inspections or for the purpose of correcting any conditions originating in his/her Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repair to the mechanical or electrical services or other Common Elements in his/her Unit or elsewhere in the Building in which the Unit is located, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 15, any costs for repairs shall be borne in accordance with the provisions of Section 9 of this Article.

Section 16. Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Directors. A majority vote of Unit Owners at a meeting may overrule the Board. Copies of such rules and regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective.

Section 17. Water Charges. Gas. Electricity. Sewer Rents. Cable Television and Telephones. Water, gas, electricity, cable television and telephone service shall be supplied by public utility companies serving the area directly to read each Unit through separate meters and each Unit Owner shall be required to pay the bills for water, gas, cable television, telephone service and electricity consumed or used by each Unit. Water, gas and electricity serving the Common Elements shall be separately metered, and the Board of Directors shall pay all bills for water, gas electricity consumed in such portions of the Common Elements, as a Common Expense.

Section 18. Alterations or Improvements for Public Roads or Other Public Purposes. In addition to Common Expenses authorized herein, the Board of Directors shall levy in any assessment year a special assessment for the purpose of defraying, in whole or in part, the cost of any special assessment obligation for public roads, public utilities or other public purposes which the City of Johnston may assess on any project even though the assessment boundaries may only cover a portion of the property falling within the Regime. Any such special assessment shall be spread against the Association and/or all the Unit Owners each for their proportionate share. The Association may enter into a contract and waiver with the city of Johnston, Iowa, concerning any project involving a special assessment. If contract and waiver is used and adopted, the Association, on behalf of all Unit Owners and members of the Association, shall execute all documents required in connection with said contract and waiver in the form generally required by the City of Johnston, Iowa. The Board of Directors may execute such documents only after securing a vote of a majority of members in person or by proxy at a meeting duly called for this purpose. If the declarant, for each Unit Owner within the property, the Owner of any Unit, and the Association and its successors and assigns enter into a contract and waiver agreement with the City of Johnston, they hereby waive, in connection with said assessment, all legal formalities of whatever kind and character required by the laws of the State of Iowa to be observed by municipalities in the construction of like improvements when expenses of said improvements are to be assessed against a project, district or area. All questions of jurisdiction, the amount of the assessment, and all other legal requirements, are hereby waived in favor of the City of Johnston, Iowa.

The method of collection of any assessment made pursuant to the provisions of this paragraph shall be the same as provided in this Article VI for the Collection of Common Expenses from Unit Owners.

ARTICLE VII.

MORTGAGES

Section 1. Notice of Board of Directors. A Unit Owner, who mortgages his /her Unit, shall notify the Board of Directors of the name and address of his/her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors; the Board of Directors shall maintain such information in a book entitled "Mortgages of Units." Do we want to track this??

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Section 2. Notices of Unpaid Common Expenses. The Board of Directors, whenever so requested in writing by mortgagee of a Unit, shall promptly report any unpaid Common Expenses due from, or any other default by, the Owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Directors, when giving notice to a Unit Owner of a default in paying ~~Common~~ Common Expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has been furnished to the Board of Directors.

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Unit Owner at reasonable times, with prior written request.

ARTICLE VIII.

NO SEVERANCE OWNERSHIP

No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his/her Unit without including therein the Undivided Ownership Interest in the Common Elements, it being the intention thereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter is not mentioned or described therein. No part of the Undivided Ownership Interest of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of Unit to which such interests are appurtenant, or as a part of a sale, transfer or other disposition of such part of the Undivided Ownership Interest of all Units.

ARTICLE IX.

CONDEMNATION

In the event of a total or partial taking under the powers of eminent domain, the Unit Owners shall be represented by the Association acting through the Board of Directors. In the event of a partial taking, the award shall be allocated to the respective Unit Owners according to their Undivided Ownership Interest in the Common Elements, except as to such portion of portions of the award which are attributable to direct or consequential damages suffered by particular Units, which shall be payable to the owners of such Units or their mortgagees, as their interests may appear. Whereas a result of a partial taking any Unit is decreased in size or where the number of Units is decreased by a partial taking, then the Board of Directors may make such provisions for realignment of the Undivided Ownership Interest in the Common Elements as shall be just and equitable. In the case of a total taking of all Units and the Common Elements, the entire award shall be payable to the Board of Directors to be distributed to the Unit Owners in accordance with their respective Undivided Ownership Interests in the Common Elements.

ARTICLE X.

RECORDS

The Board of Directors or the managing agent shall keep detailed records of the actions of the Board of Directors and the managing agent, if any, Minutes of the meetings of the Board of Directors, Minutes of the meetings of the Unit Owners, and financial records and books of

account of the Association including a chronological listing of receipts and expenditures, as well as a separate account for each Unit, which, among other things, shall contain the amount of each assessment of Common Expenses against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid.

An annual report of the receipts and expenditures of the Association reviewed by a public accountant shall be rendered by the Board of Directors to all Unit Owners promptly after the end of each calendar year. The Board of Directors shall cause all tax returns for the Association to be duly prepared and filed.

Copies of the By-laws, Rules and Regulations and Floor Plans of the Buildings and Units, as the same may be amended from time to time, shall be maintained by the Board of Directors and shall be available for inspection by Unit Owners and their authorized agents. (See Schedule B)

ARTICLE XI.

AMENDMENTS TO BY-LAWS

These By-Laws may be modified or amended by a vote of sixty-six and two-thirds percent (66 2/3%) or if such modification or amendment affects a provision then requiring a larger percentage, such larger percentage in number of all Unit Owners.

ARTICLE XII.

CONFLICTS

These By-Laws are set forth to comply with the requirements of the Act. In case any of these By- Laws conflict with the provisions of the Act or the Declaration, the provisions of said Act or the Declaration, as the case may be, shall control.

SCHEDULE A
TO
BY-LAWS

RULES AND REGULATIONS FOR TERRACE RIDGE

1. No part of the Regime shall be used for any purpose except residential housing. No portion of a Unit, other than the entire Unit, may be rented. Incidental professional office occupancy is acceptable.

2. There shall be no obstruction to the Common Elements, nor shall anything be stored in the Common Elements without the prior written consent of the Board of Directors except as herein or in the By-Laws expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair his/her own Unit in accordance with the provisions of the By- laws.

3. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance of any of the Buildings, or contents thereof, applicable for residential use, without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done, or kept in his/her Unit or in the Common Elements which will result in the cancellation of insurance on any of the Buildings, or contents thereof, or which would be in violation of any law. No waste material shall be placed in the Common Elements except where provisions are made by the Board of Directors.

4. Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of a Unit that is affixed with nails, staples or other materials that will damage the surfaces of Association property. ~~and a~~ No signs, awning, canopy, shutter or radio or television antenna (except for master antenna system) shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof

or exposed on or at any window, without the prior consent of the Board of Directors; provided, however, the flying of a state or United States flag, and the reasonable display of lights, displays and ornaments during holiday seasons, is permitted.

5. No animals or reptiles of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that dogs, cats or other household pets owned by Unit Owners, not to exceed one per Unit without the written approval of the Board of Directors, may be kept in Units, subject to the rules and regulations adopted by the Board of Directors, provided that they are not kept, bred or maintained for any commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the regime upon three (3) days' written notice from the Board of Directors. In no event shall any dog be permitted in any portion of the Common Elements, unless carried or on a leash.

6. No noxious or offensive activity shall be carried on in any Unit, or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noises in the Building by him or herself, his/her family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other Unit Owners.

7. Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of any Building or which would structurally damage any of the buildings.

8. No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out of a Unit or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

9. The driveways and entrances to the Units must not be obstructed or encumbered or used for any purpose other than intended usage.

10. Except in areas designated by the Board of Directors, there shall be no playing, lounging, or parking of baby carriages or play pens, bicycles, wagons, toys, benches or chairs, on any part of the Common Elements except that patios and decks may be used for their intended purposes.

11. No industry business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted on any part of the Property, unless approved by the Board of Directors.

12. Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board of Directors.

13. Each Unit Owner shall keep his/her Unit, both inside and outside, in good state of preservation and cleanliness.

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14. The ~~agents~~ Officers of the Board of Directors or any contractor or workman authorized by the Board of Directors may enter any Unit in the Buildings at any reasonable hour of the day after notification (except in case of emergency) for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be reasonably necessary.

15. Any consent or approval given under these Rules and regulations may be added to, amended or repealed at any time by resolution of the Board of Directors.

16. No patio or deck shall be decorated, enclosed or covered by any awning or otherwise without the consent in writing of the Board of Directors. No Unit Owner or occupant or any of their agents, servants, employees, licensees or visitors shall, at any time, bring into or keep in his/her Unit any flammable, combustible or explosive fluid, material, chemical or substance.

17. Grills and barbecue equipment may be used or stored by the Unit Owner only on the patio or deck appurtenant to such Unit provided such use is in accordance with existing fire regulations and such grills and equipment are kept clean and neat.

18. Garbage facilities for each Unit shall be kept clean and neat; ~~and~~ garbage and recycling containers shall be covered when outside of the unit waiting for collection.

19. Garbage and recycling containers shall be stored inside of garages or otherwise screened from public view other than the hours of 3:00 p.m. the day before collection to 7:00 p.m. the day of collection.

~~19-20.~~ Surface parking spaces and driveways shall be used for no other purpose than to park automobiles, excluding specifically, commercial vehicles, trailers, or boats, except those commercial vehicles temporarily on-premise for the purpose of providing repair or maintenance services to a Unit Owner, cleaning or preparing for Unit Owner's personal use, or as authorized by the Board of Directors, is allowable.

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SCHEDULE B??

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RULES AND REGULATIONS ADOPTED BY THE BOARD OF DIRECTORS

The following is a list of policies adopted by the Board of Directors in an effort at transparency and clarity. This is a "living" document and is meant to be updated on a periodic basis.

Date Adopted

Description of Policy

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