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**BYLAWS
OF
DIAMOND BROOKE TOWNHOME ASSOCIATION**

Article I
Definitions

Section 1: "Association" shall mean and refer to **Diamond Brooke Townhome Association**, its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot (as defined in Section 3 of this Article), but excluding those persons or entities having such interest merely as securities for the performance of an obligation. If a lot is sold on contract, the contract buyer shall be deemed to be the owner. In the event the contract buyer fails to comply with any of the terms of these Bylaws, the contract seller shall comply with terms of these Bylaws. As between a contract seller and a contract buyer, there will be only one "owner" per lot.

Section 3: "Lot" shall mean and refer to any lot designated by number as shown upon all recorded subdivision map or maps of the real estate described in the Articles of Incorporation of **Diamond Brooke Townhome Association**. "Lot" shall not include those lots designated by a letter as shown upon the recorded subdivision map or maps.

Article II
Association Meetings

Section 1: Annual Meeting. The Annual Meeting of the Association shall be held on or before July 1 of each year at such place as may be designated by the members of the Board of Directors. Notice of the Annual Meeting shall be delivered no less than five (5) or more than fifty (50) days before the date of the meeting. Notice may be delivered personally or by first class mail as provided in Article II, Section 5 of the Declaration of Covenants, Conditions and Restrictions for Diamond Brooke Townhomes Plat 1 (hereinafter referred to as "Declaration"). At each annual meeting, the Owners will:

- (i) Elect the Board of Directors
- (ii) Receive a report from the Board of Directors of the Association's activities and financial condition.
- (iii) Consider any other matter included in the annual meeting notice.

Section 2: Special Meeting. Special meeting of the members may be called at any time by the President or Secretary of the Board of Directors, or upon written request of 33-1/3% of the members of the Association.

Section 3: Notice of Meetings. Notice of Association meetings shall be given by the President or Secretary of the Board of Directors no less than five (5) days or more than fifty (50) days before the date of the meeting. Notice may be delivered personally or by first class mail as provided in Article II, Section 5 of the Declaration.

Section 4: Waiver of Notice. Notice of any meeting of the Association may be waived in writing by the person entitled thereto.

Article III
Members and Voting Rights

Section 1: Every owner of a lot shall be a member of the Association.

Section 2: Quorum. A quorum at a members' meeting shall consist of the presence of members or other persons in person or by proxy, holding a majority of the votes outstanding. The acts carried or approved by a vote of a majority of the votes represented at the meeting at which a quorum is present shall constitute the acts of the members unless a different rule is provided herein or by the Articles of Incorporation, the Declaration or other agreement to which the Association is party.

Section 3: Proxy. An Owner may designate a proxy to vote and attend Owner meetings by signing a written proxy authorizing another Person to act on the Owner's behalf and delivering it to the Secretary before an Owner meeting. All Owner proxies will remain in effect until the earliest of the following:

- (i) The Owner's revocation by written notice or by personally attending and voting at a meeting when the proxy is in effect.

- (ii) Eleven (11) months after the proxy's date, unless the proxy provides a later date.
- (iii) When the granting Owner ceases to be an Owner.

Article IV
Directors

Section 1: Management. The affairs of the Corporation shall be initially managed by a Board of Directors consisting of two (2) individuals who are members of the Association. Thereafter, the affairs of the Corporation shall be managed by a Board of Directors consisting of six (6) individuals who are members of the Association. The directors shall be elected at the annual meeting or a special meeting called for that purpose by a majority of the votes cast at the time of the election.

Section 2: Term of Office. The initial Board of Directors shall hold staggered terms of office of one (1), two (2) and three (3) years. Upon election, the length of each director's term shall be decided by the Board of Directors. Subsequent terms of office for new Board members shall be for terms of three (3) years.

Section 3: Vacancy. Should a vacancy occur on the Board of Directors for any reason, the remaining members of the Board of Directors may elect or choose a successor for the balance of such director's term.

Section 4: Compensation. No director shall receive compensation for any services rendered to the Association; however, the directors may be reimbursed for actual expenses incurred in the performance of duties as director.

Section 5: Removal. The initial Directors shall be subject to removal only by the Declarant. Thereafter, a Director may be removed by the affirmative vote of a majority of the members of the Association at a special meeting called for that purpose. The vacancy in the Board of Directors so created by removal shall be filled by the affirmative vote of the members at such special meeting or at any subsequent regular or special meeting. No Director shall continue to serve if, during his/her term of office, he/she ceases to be an owner.

Section 6: Power and Duties of the Board of Directors. All of the powers and duties of the Association shall be exercised by the Board of Directors including those existing under the common law and statutes, the Articles of Incorporation and the Declaration. Such powers and duties of the Directors shall be exercised in accordance with the provisions of the Declaration which governs the use of the land, and shall include, but shall not be limited to the following:

- a. To make and collect assessments against members.
- b. To use the proceeds of assessments in the exercise of its powers and duties.
- c. The maintenance, repair, replacement and operation of the Properties including Common Elements and facilities, and making or providing for

- payment for all such work and approving or delegating to the officers authority to approve vouchers thereof.
- d. The reconstruction, repair, restoration or rebuilding of the Properties and of any Lot as applicable after casualty; the construction of new improvements or alterations if authorized; to make and amend regulations respecting the use and occupancy of the properties and to permit or forbid an action or conduct within the discretion committed to them in the Declarations, Bylaws and Resolutions of the members.
 - e. To enforce by legal means the provisions of the Articles of Incorporation, the Bylaws, the Declaration and the regulations for the use of the Properties; and to take legal action in the name of the Association and on behalf of its members.
 - f. To contract for management of the Properties and to delegate to such contractor any or all powers and duties of the Association except such as are specifically required by the Declaration, Bylaws or Resolution of the members to have approval of the Board of Directors or the membership of the Association.
 - g. To employ, designate and remove personnel to perform the services required for proper operation of the Properties.
 - h. To carry insurance upon the Properties, Buildings and Common Elements.
 - i. To pay the cost of all power, water, sewer and other utility or other services rendered to the Properties and not billed directly to owners of the individual Lots.
 - j. To conduct all votes or determinations by members other than at a membership meeting.
 - k. To borrow money from any bank, lending institution or agency requires a unanimous consent of the Board, for the use and benefit of the Association, and to secure the loan or loans by pledge of the assets of the Association, and from time to time to renew such loan and give additional security. These loans will be only for emergency repairs and capital expenditures of the Association.
 - l. Provide for indemnification of its officers and directors, and maintain directors' and officers' liability insurance.
 - m. To do such acts as are necessary and proper to affect the purpose of the Properties as stated in the Declaration and Bylaws provided such acts are not otherwise prohibited.

Article V
Director's Meeting

Section 1: Meetings. The Board of Directors shall meet upon the request of any member thereof, and at any reasonable hour or location, provided, however, at least two (2) days notice be given to each director. Notice shall be given personally or by mail, telephone, e-mail or facsimile and it shall state the time, place and purpose of the

meeting. Notice of any meeting by any board member may be waived if received in writing.

Section 2: Quorum. At all meetings of the Board, it shall be necessary for a majority of all directors to be present, in person or by proxy or other acceptable means of communication to constitute a quorum for the transaction of business; however, a lesser number may adjourn the meeting to a future time and convenient place.

Section 3: Majority Rule. All questions and deliberations before the Board shall be decided by a majority of the directors present. The President shall not vote on matters before the Board, except when his/her vote is necessary to break a tie.

Article VI **Officers**

Section 1: Officers. The officers of the Association and the Board of Directors shall be the same individuals and shall include a President, Vice President, Secretary and a Treasurer and such officers as the directors may deem necessary.

Section 2: Election. The officers elected shall be chosen at a meeting of the Board of Directors held within thirty (30) days after the annual meeting of the Association. The officers shall serve for a term of one (1) year or until their successors are elected and qualified.

Section 3: Vacancy. Should any office become vacant for any reason, the directors may elect a successor for the balance of such officer's term.

Section 4: Removal. Upon affirmative vote of a majority of the Board, any officer may be removed, with or without cause, and a successor elected, at any regular Board meeting or at any special meeting called for that purpose.

Section 5: Compensation. Except as the Owners authorize, officers of the Association will not receive compensation for their services as officers. An officer may, upon the Board's approval, be reasonably compensated for goods and services provided to the Association in the officer's individual capacity. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

Article VII **Duties of Officers**

Section 1: President. The President shall exercise general supervision and direction of the affairs of the Association and of the Board of Directors. He/She shall execute any agreements, contracts or resolutions which the Board of Directors may lawfully authorize and direct.

Section 2: Vice President. The Vice President shall be authorized to exercise the duties of the President in the permanent or temporary absence or in the case of inability of the President for any reason to perform all acts and duties pertaining to the President's office.

Section 3: Treasurer. The Treasurer shall keep accounts of the finances and perform such other duties as the Board of Directors or the President may direct.

Section 4: Secretary. The Secretary shall record the minutes of all proceedings at meetings of the Association and meetings of the Board of Directors and books to be kept for that purpose. The Secretary shall perform such other duties as may be designated by the President or directors. The Secretary shall record all transfer of ownership of lots and shall maintain a ledger containing the name of the persons who are owners of lots showing thereon the owner's address.

Article VIII **Fiscal Management and Assessments**

Section 1: Budget. The Board of Directors shall adopt a budget for each fiscal year (which shall be the same as the Association's fiscal year for income tax purposes) which shall include the estimate funds required to defray the common expenses and to provide and maintain funds for the following accounting categories according to good accounting practices:

- a. Current expenses which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for the contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance of this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.
- b. Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.
- c. Reserve for replacement which shall include funds for repair or replacement required because of damage, destruction, depreciation or obsolescence.

Section 2: The Budget shall be adopted prior to the Association's annual meeting and a copy of same shall be presented by the Board at the Association's annual meeting.

Section 3: Creation of the Lien and Personal Obligation of Assessments. The Budget shall be used by the Directors to determine the amount of any assessments. Each owner of any lot by acceptance of a deed therefore, whether or not it shall be so

expressed in such deed, is deemed to covenant and agree to pay to the Association, as follows:

- a. Annual assessments or charges.
- b. Special assessments for capital improvements and such assessments are to be established and collected as hereinafter provided.
- c. All assessment, fees or charges shall be billed annually and shall be due within thirty (30) days after billing. A late payment fee of \$25.00 per month shall be added to the charges.

The annual and also special assessments, together with late payment charges and with interest, costs and reasonable attorney fees shall be a charge on the lot against which such assessment is made. Each such assessment, together with interest charges, costs and reasonable attorney fees, shall also be the personal obligation of the person who was the owner of the lot at the time the assessment fell due. The personal obligation for the delinquent assessments shall pass to the successors in title if the owner of the lot at the time of the assessment fell due did not pay said assessment.

Section 4: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote recreation, health, safety and welfare of the residents for the improvements as more fully described in the Declaration of Covenants, Conditions, and Restrictions for **Diamond Brooke Townhomes Plat 1, recorded November 2, 2000, in Book 2000, Page 11402, of the Dallas County Recorder's Office.**

Section 5: Notice of Assessments. Written notice of the annual assessments shall be sent to every owner subject thereto. The Association shall, upon demand, and for a reasonable charge shall furnish a certificate signed by an Officer of the Board of Directors setting forth whether the assessment on the specified lot has been paid.

Section 6: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lien thereof, shall extinguish the lien of such assessment 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.

Articled IX **Books and Records**

The books, records and papers of the Board of Directors and of the Association shall be available for inspection by any member at any reasonable business hour.

Article X
Taxable Year

The taxable year of the Corporation shall begin on the first day of January each year and end on the last day of December of each year.

Article XI
Robert's Rules of Order

Robert's Rules of Order shall be invoked at all meetings of the members of the Association and all meetings of members of the Board of Directors.

Article XII
Amendments

Section 1: These Bylaws may be amended, altered, repealed, or new Bylaws adopted by unanimous vote of the Board of Directors and the affirmative vote of two-thirds of the members at a regular or special meeting.

Section 2: No amendment may be adopted at either a special or regular membership meeting not included in the notice thereof, except if notice of the proposed amendment has been given, a different amendment relative to the same subject matter may be adopted by those present, in person or by proxy and possessing the requisite percentage of membership and voting units, providing further no vote by proxy may be counted unless the proxy expressly provided for such contingency. Notice referred to herein shall be given in the manner proscribed in Article II, Section 3 of the Declaration. More than one proposed amendment may be included in the notice of a meeting.

Section 3: No modification or amendment of these Bylaws shall be effective unless set forth in an amendment executed and recorded in the office of the Recorder of Dallas County, Iowa. Upon such recording, the amendment shall be effective against all persons regardless of whether such person had an ownership interest at the time the amendment was adopted.

Article XIII
Binding Effect

By accepting and recording a deed to any lot, the owner or owners of lot and lots are bound by all the provisions of these Bylaws and the Articles of Incorporation of the Association.

Article XIV
Document Variations

To the extent there are any inconsistencies between the Bylaws and the Declaration of Covenants, Conditions and Restriction, the terms of these Amended Bylaws shall control.