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**AMENDMENT TO DECLARATION OF ESTABLISHMENT  
AND BY-LAWS OF THE COUNCIL OF CO-OWNERS  
OF A HORIZONTAL PROPERTY REGIME (CONDOMINIUM)  
KNOWN AS CHELSEA VILLAS**

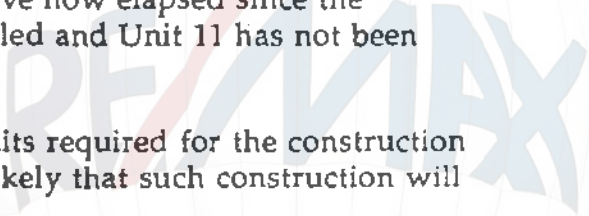
At the annual meeting of the Council of Co-Owners held July 4, 1993, acting following notice duly given to all members of the Council of Co-Owners and to Stockdale, Inc., as the Developer (the "Developer"), the owners of the 11 existing units of the Chelsea Villas Condominium established pursuant to a Declaration of Horizontal Property Regime dated October 3, 1973 and filed on the same day in Misc. Rec. Q, Page 79 of the Dickinson County records, as previously amended by instruments filed July 30, 1974 in Misc. Rec. Q at Page 553 and July 6, 1987 in Misc. Rec. 1, Page 61 of the Dickinson County records (together referred to below as the "Original Declaration"), further amended the Original Declaration and the By-laws of the Council of the Co-Owners as previously amended by an instrument filed July 6, 1987 in Misc. Rec. 1, Page 61 of the Dickinson County records (together referred to as the "Original By-laws") for the reasons and to the extent set forth below.

The reasons for this amendment are as follows:

- A. Exhibit "B" to the Original Declaration shows graphically the 11 units (1-10 and 12) of Chelsea Villas Condominiums which were constructed and today remain as originally constructed. Exhibit "B" also shows a contemplated Unit 11 located to the west of the other units which has never been constructed.
- B. Paragraph 12 of the Original Declaration grants the Developer the right to construct Unit 11 at such time and in such manner as he determines subsequent to the filing of the Declaration.

6-6-93

Approved 30, 1993  
[Signature]

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- C. Despite attempts to obtain authorization from governmental authorities to construct Unit 11, such authorizations have been denied.
  - D. Approximately 19 years have now elapsed since the Original Declaration was filed and Unit 11 has not been constructed.
  - E. Because of denials of permits required for the construction of Unit 11, it is highly unlikely that such construction will ever proceed in the future.
  - F. Land under proposed Unit 11 was submitted to co-ownership of the individual owners as tenants in common and the owners of the existing 11 units have maintained and paid taxes on this parcel of land for approximately 19 years.

In consideration of the above and for other reasons the Council of Co-Owners by favorable vote of more than 2/3 of the owners adopted the following amendments to the Original Declaration:

1. Section 12 is deleted and any and all rights of the Developer to construct Unit 11 are terminated.
2. Section 3K is deleted.
3. All other references to Unit 11 in the Original Declaration and exhibits to the Original Declaration are deleted.
4. In Section 2, the word "twelve" is deleted and the word "eleven" substituted in lieu thereof.
5. The penultimate paragraph of Section 3 is amended to provide that ownership of an apartment carries with it an undivided one-eleventh (1/11) interest in all common elements and facilities as defined in the Original Declaration.
6. In Section 7, the words "one-twelfth" are deleted and the words "one-eleventh" substituted in lieu thereof.

Also, in consideration of the above and for reasons of preference and convenience, the Council of Co-Owners by favorable vote of more than 2/3 of the owners, adopted the following amendment to the Original By-laws:

1. The third sentence of Article VI, Section 1, is amended to provide that assessments for maintenance or management shall be made prorata on the basis of 1/10 for each unit except Unit #12.

This document applies to Units 1-12, inclusive, in Chelsea Villas, a Condominium Development located on the East 125 feet of Lot 1 and the West 50 feet, more or less, being the West one-third of Lot 2, in Block 6, Plat of West Okoboji, City of Wahpeton, Dickinson County, Iowa. Upon recording of this document with the office of the Recorder of Dickinson County, Iowa the premises will hereinafter be described as:

Units 1-10, inclusive and Unit 12, in Chelsea Villas, a Condominium Development located on the East 125 feet of Lot 1 and the West 50 feet, more or less, being the West one-third of Lot 2, in Block 6, Plat of West Okoboji, City of Wahpeton, Dickinson County, Iowa.

I certify that the above amendments and statements of reasons for amendment were adopted by the requisite number of unit owners at the annual meeting of the Council of Co-Owners held July 4, 1993, and that this meeting was held after due notice to all members of the Council of Co-Owners and to the Developer.

COUNCIL OF CO-OWNERS OF THE  
CHELSEA VILLAS CONDOMINIUM ASSOCIATION

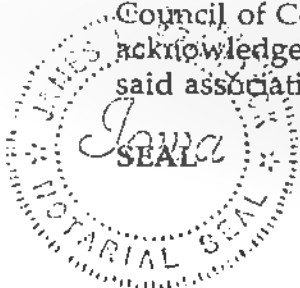
By: John R. Walker, Jr.  
John R. Walker, Jr., President

By: John R. Carroll  
John Carroll, Secretary

State of Iowa

County of Dickinson

On this 4<sup>th</sup> day of July, 1993, before me, a notary public in and for the State of Iowa, personally appeared John R. Walker, Jr. and John Carroll, who being by me duly sworn did state that they are the President and the Secretary, respectively, of the Council of Co-Owners of the Chelsea Villas Condominium Association, and that the foregoing Affidavit was signed on behalf of said association by authority of its Council of Co-Owners and the said John R. Walker, Jr. and John Carroll acknowledged the execution of said Affidavit to be the voluntary act and deed of said association, by it and by them voluntarily executed.



James L. Brantley  
Notary Public in and for the State of Iowa



# EXHIBIT D <sup>cy ✓</sup>

BY-LAWS OF THE COUNCIL OF CO-OWNERS  
OF  
THE HORIZONTAL PROPERTY REGIME (CONDOMINIUM) KNOWN AS  
CHELSEA VILLAS

## ARTICLE I.

### Condominium Plan of Apartment Ownership

Section 1. APARTMENT OWNERSHIP. The property located at Wahpeton, Dickinson County, Iowa, known as Chelsea Villas, is submitted to the provisions of Chapter 499B of the 1971 Code of Iowa.

Section 2. APPLICABILITY OF BY-LAWS. The provisions of these By-laws are applicable to the property. The term "property" as used herein shall include both the land and the building or buildings located thereon.

Section 3. PERSONAL APPLICATION. All present or future owners, tenants, or their employees, or any other person that might use the facilities of the condominium in any manner, are subject to the regulations set forth by these By-laws. The mere acquisition or rental of any of the apartments of the condominium or the mere act of occupancy of any of said apartments will signify that these By-laws are accepted, ratified, and will be complied with.

## ARTICLE II.

### Voting, Majority of Owners, Quorum, Proxies

Section 1. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the owner or owners of each apartment is entitled is the percentage assigned to the apartment in the Declaration.

Section 2. MAJORITY OF OWNERS. As used in these By-laws, the term "majority of owners" shall mean those owners holding 75% of the votes in accordance with the percentages assigned in the Declaration.

Section 3. QUORUM. Except as otherwise provided in these By-laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 4. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

### ARTICLE III.

#### Council of Co-Owners

Section 1. OWNERS - QUALIFICATION. Each owner as said term is defined in the Declaration of Establishment, shall become a member of the Council of Co-Owners immediately upon becoming qualified as an "owner" as said term is defined in said Declaration. Such membership shall forthwith terminate upon the cessation of such qualification.

Section 2. PLACE OF MEETINGS. Meetings of the Council of Co-Owners shall be held at the apartment of the President of the Board of Administration or such other suitable place convenient to the owners as may be designated by the President.

Section 3. ORGANIZATIONAL MEETING. There shall be held not later than November 1, 1973, in the apartment designated Number 4 in the Declaration, an organizational meeting of the Council of Co-Owners which shall elect the Board of Administration and take up such further business as may properly come before said meeting.

Section 4. ANNUAL MEETINGS. The first annual meeting of the Council of Co-Owners shall be held on August 31, 1974. Thereafter the annual meeting of the Council of Co-Owners shall be held on the Friday next preceding Labor Day of each succeeding year. At such meetings there shall be elected by ballot of the owners, members of the Board of Administration in accordance with the requirement of Article IV of these By-laws. The owners may at the annual meeting also transact such other business of the Council as may properly come before them.

Section 5. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Council of Co-Owners upon a petition signed by a majority of the owners, as said term is defined in Section 2, Article II of the

By-laws, being presented to the Secretary. The notice of any such special meeting shall state the time and place of such meeting and the purpose thereof.

Section 6. NOTICE OF MEETINGS. It shall be the duty of the Secretary or his designate to mail a notice of each annual meeting or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least five days but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 7. WAIVER OF NOTICE. Before or at any meeting of the Council of Co-Owners, any owner may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an owner at any meeting of the Council shall be a waiver of notice by him of the time and place thereof. If all the owners are present in person or by proxy at any meeting of the Council, no notice shall be required and any business may be transacted at such meeting.

Section 8. ADJOURNED MEETINGS. If any meetings of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than twenty-four hours nor more than one week from the time the original meeting was called.

Section 9. ORDER OF BUSINESS. The order of business at all annual meetings of the owners of apartments shall be as follows:

- a. roll call
- b. proof of notice of meeting or waiver of notice
- c. reading the minutes of preceding meeting
- d. reports of officers
- e. reports of committees
- f. election of Board of Administration
- g. unfinished business
- h. new business.



ARTICLE IV.

Administration

Section 1. BOARD OF ADMINISTRATION - NUMBER AND QUALIFICATION.

The affairs of the condominium shall be governed by a Board of Administration.

The Board of Administration shall be composed of not less than three or more than five persons, all of whom shall be owners or spouses of owners of apartment units, or, in a case of corporate owners, shall be officers, stockholders, or employees of such corporation, or in the case of fiduciary owners shall be the fiduciaries, or officers, employees or agents of such fiduciaries. The original Board shall consist of three in number. Whenever the number composing the Board shall be increased, the original terms of the new members shall be fixed to the end that at least one-half of the members of the Board shall be elected in even numbered years and the balance in odd numbered years.

Section 2. PLACE OF MEETINGS. Meetings of the Board of Administration shall be held at the apartment of the President of the Board or such other suitable place convenient to the owners as may be designated by the President.

Section 3. ORGANIZATIONAL MEETINGS. There shall be held not later than November 1, 1973, immediately following the adjournment of the organizational meeting of the Council of Co-Owners, in the apartment designated Number 5 in the Declaration, an organizational meeting of the Board of Administration for the purpose of electing officers to act until the first annual meeting. The Board at the organizational meeting may also transact such other business as may properly come before it.

Section 4. ANNUAL MEETINGS. The first annual meeting of the Board shall be held on August 31, 1974. Thereafter, the annual meeting of the Board shall be held on the Friday next preceding Labor Day of each succeeding year immediately following the adjournment of the annual meeting of the Council of Co-Owners. At such meetings there shall be elected by ballot of the Board, officers of the Board of Administration in accordance with the requirement of Article V of these By-laws. The Board may at the annual meeting also transact such other business of the Board as may properly come before it.

Section 5. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Board upon a petition signed by a majority of the Board being presented to the Secretary. Notice of any such special meeting shall state the time and place of such meeting and the purpose thereof, and shall be furnished in the manner set forth in Section 6 hereof.

Section 6. NOTICE OF MEETINGS. It shall be the duty of the Secretary or his designate to mail a notice of each annual meeting or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of the Board at least five days but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 7. WAIVER OF NOTICE. Before or at any meeting of the Board, any member thereof may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board members are present in person or by proxy at any meeting of the Board, no notice shall be required and any lawful business may be transacted at such meeting.

Section 8. ADJOURNED MEETINGS. If any meetings of the Board cannot be organized because a quorum has not attended, the presiding officer who is present, may adjourn the meeting to a time not less than twenty-four hours nor more than one week from the time the original meeting was called.®

Section 9. ORDER OF BUSINESS. The order of business at all annual meetings of the Board of Administration shall be as follows:

- a. roll call
- b. proof of notice of meeting or waiver of notice
- c. reading the minutes of preceding meeting
- d. reports of officers



- e. report of committees
- f. election of officers
- g. unfinished business
- h. new business

Section 10. CONDUCT OF BUSINESS WITHOUT A MEETING. Ordinary business and decisions and resolutions of the Board may be conducted and put into effect without a formal meeting of the Board provided the full particulars of the item of business or the decisions or resolutions is reduced to writing, signed by a majority of the Board, and filed with the Secretary of the Board, who shall keep said writing with the minutes of the meetings of the Board.

Section 11. POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of all of the affairs of Chelsea Villas and may do all such acts and things as are not by law or by the Declaration or these By-laws prohibited.

Section 12. OTHER DUTIES. In addition to duties imposed by these Bylaws the Board shall be responsible for the following:

- a. Care, upkeep and surveillance of the property and the general common elements and facilities, including care, upkeep and surveillance of common docks, waterfront and common elements on, in or adjacent to the water area and lake frontage abutting the common property, and the regulation of use thereof by the owners.
- b. Collection of monthly assessments from the owners.
- c. Designation and dismissal of the personnel necessary for the maintenance and operation of the property, the general common elements and facilities and any limited common elements and facilities.
- d. The approval or disapproval of the type, design and style of a boat hoist installed by an owner in the adjacent water area. No unapproved boat hoist shall be permitted.

Section 13. MANAGEMENT AGENT. The Board may employ a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 12 of this Article.

Section 14. FIDELITY BONDS. The owners may require that any officers, assistant officers or employees of the Board handling or responsible for Board funds shall furnish adequate fidelity bond. The premiums on such bonds, if required, shall be paid by the Board.

Section 15. AUDIT OF ACCOUNTS. An audit of the accounts of the Board shall be made annually by a certified public accountant and a copy of the audit report shall be furnished to each member not later than thirty (30) days after receipt from the accountant.

#### ARTICLE V.

##### Officers

Section 1. ELECTION OF OFFICERS. The officers of the Board of Administration shall be elected annually by the Board of Administration at the annual meeting and shall hold office at the pleasure of the Board. Such officers shall also serve as officers of the Council.

Section 2. DESIGNATION. The principal officers of the Board of Administration shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and be themselves members of the Board and shall serve as such officers without compensation. Any member of the Board may at the same time hold the positions of any two officers, except President and Vice-President. The Board may appoint an assistant treasurer and an assistant secretary, who need not be themselves members of the Board, if in the judgment of the members of the Board they deem same to be necessary, and may provide for payment of compensation to an assistant treasurer or an assistant secretary.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer or an assistant thereto may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Board and the Council. He shall preside at all meetings of the Council and of the Board of Administration. He shall have all of the general powers and duties which are usually vested in the office of president of a council and the president of a board, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Council or of the Board.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his 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 Administration shall appoint some other member of the Board to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Council of Co-Owners, or the Board of Administration.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Council of Co-Owners and all meetings of the Board of Administration; he shall have charge of such books and papers as the Council of Co-Owners or Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. TREASURER. The Treasurer shall have responsibility for Council funds and securities and Board funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements of the Council and of the Board in books belonging to the Council or to the Board. He shall also be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of the Council or to the credit of the Board in such depositories as may from time to time be designated by the Council or the Board of Administration. Expenditures of funds of the Council or of the Board up to the



sum of \$100.00 for any one item may be made by the Treasurer without prior approval of the Board of Administration; however, an expenditure exceeding the sum of \$100.00 must have the approval of a simple majority of the Board of Administration.

## ARTICLE VI.

### Obligations of the Owners

Section 1. ASSESSMENTS. All owners are obligated to pay monthly assessments imposed by the Board of Administration to meet all property communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of tornado, fire, earthquake or other hazard. For the purpose of determining the amount of, and collecting said assessments, the Board of Administration is constituted as the agent of the Council of Co-Owners with all powers in relation thereto as is conferred by Chapter 499B of the 1971 Code of Iowa. The assessments shall be made pro rata on the basis of 1/11th for each unit except Unit #12, which shall not be subject to said assessment for maintenance or management. Such assessments shall include monthly payments to a general operating reserve fund, part of which may be allocated to a reserve fund for contingencies. Each owner will voluntarily pay said monthly assessments to the Treasurer or his designate not later than the tenth of each month, and upon failure to do so shall be subject to the provisions of Section 499B.17 of the 1971 Code of Iowa dealing with the collection of common expense assessed by the Council. Assessments not paid when due shall draw interest at the maximum rate allowed under Iowa law. All owners shall pay before they become delinquent the real property taxes and special assessments which will be levied on their respective apartments under the provisions of Section 499B.11 of the 1971 Code of Iowa. All utilities such as water and electricity used in each apartment shall be metered separately, and the expense of said utilities shall be paid by the owner of the apartment directly to the supplier or suppliers thereof, provided, however, that the water used for the sprinkling of the lawn shall

be metered separately from the water used in the apartments and the expense of the water used for watering the lawn shall be one of the property communal expenses to be shared by all of the owners.

Section 2. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS OR SPECIAL USE. In addition to the annual assessment authorized by Section 1 hereof, the Board may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement, of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessments in excess of \$1,000.00 per project shall have the assent of two-thirds of the votes of the entire voting membership of the Council of Co-Owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent by ordinary mail to each member at his last known address at least ten days in advance and shall set forth the purpose of the meeting. The Board of Administration may likewise levy a special assessment against any member or members for services or equipment provided for the special use of such member. An example being for the care and maintenance of the individual members boat hoist or boat slip. The Board shall after ten days written notice to the member, mailed by ordinary mail to his last known address, have authority to levy an assessment against any member for maintenance, service or repair of any such equipment or property individually or specially used by said member. Said assessment shall be due on the date specified by the Board. Upon mailing to the member's last known address such notice shall be deemed complete for computation of time of service.

Upon the assent of two-thirds of the votes of the entire voting membership of the Council of Co-Owners the Board may levy annual assessments over an approved period of years for the purpose of the amortization of the cost and expense of capital improvements; and after such assent the Board may borrow money to



defray the cost of such authorized capital improvements and pledge the common elements and the authorized annual assessments to secure payment of the money borrowed for such authorized purpose.

### Section 3. MAINTENANCE AND REPAIR.

a. Every owner must perform promptly all maintenance and repair work to facilities or installations serving his apartment, which if omitted would affect the property in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

b. All the repairs of internal installations of each apartment such as water, light, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories serving or belonging to the apartment shall be at the owner's expense.

c. An owner shall reimburse the Board for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

### Section 4. USE OF APARTMENTS - INTERNAL CHANGES.

a. All apartments shall be utilized for residential purposes only.

b. An owner shall not make structural modifications or alterations in his apartment or installations located therein without previously notifying the Board of Administration in writing, through the management agent, if any, or through the President of the Board of Administration if no management agent is employed. The Board of Administration shall have the obligation to answer within thirty days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

### Section 5. RIGHT OF ENTRY

a. An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Administration in case of any emergency originating in or threatening his apartment, whether the owner is present at the time or not.

b. An owner shall permit other owners, or their representatives, when so required, to enter his apartment for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 6. RULES OF CONDUCT. No resident of the property shall post advertisements or posters of any kind in or on the property except as authorized by the Board.

Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

No owner, resident or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, etc., on the exterior of the property or that protrude through the walls or the roof of the property except as authorized by the Board.

No nuisances shall be allowed upon the property, nor any use or practice which is a source of nuisance to the occupants or injurious to the reputation of the condominium complex or which interferes with the peaceful possession and proper use of the property by the members.

No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof, and all valid laws, ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Residents keeping domestic animals will abide by municipal sanitary regulations, and no more than one pet may be kept by an owner on the property at any one time.

Section 7. SALES AND LEASES. No unit owner may sell or lease his apartment unit or any interest therein except by complying with the provisions of this Section. A unit owner's sale of apartment unit shall include the sale of (a) the undivided interest in common elements appurtenant thereto; (b) the interest of such unit owner in any apartment unit theretofore acquired by the Council of

Co-Owners, or its designee on behalf of all unit owners, or the proceeds of the sale of lease thereof, if any; and (c) the interest of such unit owner in any other assets of the condominium hereinafter collectively called the "appurtenant interest".

Any unit owner who received a bona fide offer for the sale or lease of his apartment unit, hereinafter called an "outside offer", which he intends to accept, shall give notice to the Board of Administration of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and such other information as the Board of Administration may reasonably require, and shall offer to sell or to lease such apartment unit to the Council of Co-Owners or its designee, corporate or otherwise, on behalf of the owners of all other apartment units, on the same terms and conditions as contained in such outside offer. The giving of such notice shall constitute a warranty in representation by the unit owner who has received such offer, to the Council of Co-Owners that such unit owner believes that outside offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, the Council of Co-Owners may elect by majority affirmative vote, by notice to such unit owner, to purchase or to lease such apartment unit as the case may be, or to cause the same to be purchased or leased by its designee, corporate or otherwise, on behalf of all of the unit owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the unit owner. In the event the Council of Co-Owners shall elect to purchase or to lease such apartment unit or to cause the same to be purchased or leased by its designee, title shall pass forty-five (45) days after the giving of notice by the Council of Co-Owners of its election to accept such offer. At the closing, the unit owner, if such apartment unit is to be sold, shall convey the same to the Council of Co-Owners or to its designee by deed. In the event such apartment unit is to be leased the offering unit owner shall execute and deliver to the Council of Co-Owners or to its designee, a lease between the unit owner as landlord, and



the Council of Co-Owners, or its designee, as tenant, covering said apartment unit, on the terms and conditions contained in such outside offer. In the event the Council of Co-Owners or its designee shall fail to accept such offer within thirty (30) days, the unit owner shall be free to contract to sell or to lease such apartment unit, as the case may be, to the outside offeror within sixty (60) days after the expiration of the period in which the Council of Co-Owners or its designee might have accepted such offer, on the terms and conditions set forth in the notice from the unit owner to the Board of Administration of such outside offer.

Any deed to an outside offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws, and the rules and regulations as the same may be amended from time to time. Any lease to an outside offeror shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Administration, that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Administration, and that the Board of Administration shall have power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. In the event the offering unit owner shall not, within such sixty (60) day period, contract to sell or to lease such apartment unit, as the case may be, to the outside offeror on the terms and conditions contained in the outside offer, or if such a contract is entered into but not fulfilled, then the unit owner shall be required to again comply with all of the terms and provisions of this Section in order to sell or to lease the apartment unit.

No leases shall be made for a term of less than three (3) months for any of the units, including the two living units in condominium Unit #12.

Any purported sale or lease of an apartment unit in violation of this Section shall be voidable at the election of the Council of Co-Owners.

Section 8. RELEASE BY BOARD OF ADMINISTRATION ON BEHALF OF THE COUNCIL OF CO-OWNERS OF RIGHT OF FIRST REFUSAL. The right of first refusal contained in Section 7 of this Article VI may be released or waived by the Board of Administration on behalf of the Council of Co-Owners, in which event the apartment unit may be sold, conveyed or leased free and clear of the provisions of such Section.

Section 9. CERTIFICATE OF TERMINATION OF RIGHT OF FIRST REFUSAL. A certificate, executed and acknowledged by the Board of Administration on behalf of the Council of Co-Owners stating that the provisions of Section 7 and Section 8 of this Article VI have been met by a unit owner, or have been duly waived by the Council of Co-Owners, or the Board of Administration acting on behalf of the Council, and that the rights of the Council of Co-Owners thereunder have terminated, shall be conclusive, upon the Council of Co-Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any unit owner who has in fact complied with the provisions of Section 7 of this Article VI or in respect to whom the provisions of said Section have been waived, upon request, at a reasonable fee, not to exceed Twenty-five Dollars (\$25.00).

## ARTICLE VII.

### Mortgages.

Section 1. NOTICE TO COUNCIL. An owner who mortgages his apartment shall notify the Board of Administration through the management agent, if any, or the President of the Board in the event there is no management agent, the name and address of his mortgagee; and the Board shall maintain such information in a book entitled "Mortgagees of Apartments".

Section 2. NOTICE OF UNPAID ASSESSMENTS. The Board shall, at the request of a mortgagee of an apartment, report any unpaid assessments due from the owner of such apartment.

ARTICLE VIII.

Amendments

These By-laws may be amended by the Council in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least 75% of the total percentage assigned to all apartments in the condominium as shown in the Declaration, and duly recorded in the Dickinson County, Iowa Recorder's Office as an amendment to these By-laws and the foregoing Declaration of Establishment of a Horizontal Property Regime (Condominium) to be known as Chelsea Villas.

ARTICLE IX.

Compliance and Severability

These By-laws are set forth to comply with the requirements of Chapter 499B of the 1971 Code of Iowa. In case any of these By-laws conflict with the provisions of said statute or any other rule of law, it is hereby agreed and accepted that the provisions of the statute or law will apply and By-laws conflicting therewith shall be deemed inoperative and null and void without invalidating the remaining By-laws.

AMENDMENT TO THE DECLARATION OF ESTABLISHMENT  
AND BY-LAWS OF THE COUNCIL OF CO-OWNERS OF A  
HORIZONTAL PROPERTY REGIME (CONDOMINIUM)  
TO BE KNOWN AS CHELSEA VILLAS

Pursuant to the provisions of Sections 4 and 14 of the Horizontal Property Act, Chapter 499B of the Code of Iowa, 1987, the undersigned horizontal property regime adopts the following new revised sections and/or paragraphs as its amended Declaration of Establishment and By-Laws of the Council of Co-Owners:

(1) Paragraph 15 of said Declaration be and the same is hereby amended to read as follows:

" 15. This Declaration shall not be revoked nor the provisions herein amended unless two-thirds of the owners of all of the apartments agree to such revocation or amendment by duly recorded instruments, and provided further, that the By-laws which are attached hereto, marked Exhibit D, may be amended by approval of two-thirds of the owners as provided in Article VIII of said By-laws."

(2) Article VIII of said By-laws be and the same is hereby amended to read as follows:

" ARTICLE VIII.

Amendments

These By-laws may be amended by the Council in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least two-thirds of the total percentage assigned to all apartments in the condominium as shown in the Declaration, and duly recorded in the Dickinson County, Iowa Recorder's Office as an amendment to these By-laws and the foregoing Declaration of Establishment of a Horizontal Property Regime (Condominium) to be known as Chelsea Villas."

(3) Section 4 of Article IV of said By-laws be and the same is hereby amended to read as follows:

" Section 4. ANNUAL MEETINGS. The first annual meeting of the Board shall be held on August 31, 1974. Thereafter, the annual meeting of the Board shall be held on July 4th of each year immediately following the adjournment of the annual meeting of the Council of Co-Owners. At such meetings there shall be elected by ballot of the Board, officers of the Board of Administration in accordance with the requirement of



Article V of these By-laws. The Board may at the annual meeting also transact such other business of the Board as may properly come before it."

(4) Section 4 of Article II of said By-laws be and the same is hereby amended to read as follows:

" Section 4. ANNUAL MEETINGS. The first annual meeting of the Council of Co-Owners shall be held on August 31, 1974. Thereafter the annual meeting of the Council of Co-Owners shall be held on July 4th of each year. At such meetings, ~~there shall be elected by ballot~~ of the owners, members of the Board of Administration in accordance with the requirement of Article IV of these By-laws. The owners may at the annual meeting also transact such other business of the Council as may properly come before them."

*in odd  
numbered  
years*

(5) Section 7 of said Article VI of said By-laws be and the same is hereby amended by adding a new paragraph at the end of said Section 7 which will read as follows:

" Provided, however, notwithstanding the above provisions that the Board's right of first refusal on leases presented to them during the months of May through August will only be for a ten (10) day period instead of a thirty (30) day period for all leases."

(6) Section 2 of Article II of said By-laws be and the same is hereby amended to read as follows:

" Section 2. MAJORITY OF OWNERS. As used in these By-laws, the term 'majority of owners' shall mean those owners holding 60% of the votes in accordance with the percentages assigned in the Declaration."

(7) Paragraph 4 of said Declaration be and the same is hereby amended to read as follows:

" 4. The owners of an apartment shall not be deemed to own pipes, wires, conduits or other public utility lines running through his or her apartment which are utilized for or serve more than one apartment except as a tenant in common with the owner or owners or any other apartment or apartments which said pipes, wire, conduits, or other public utility lines may serve. The owner of an apartment shall, however, be deemed to own the walls and partitions which are contained in his or her apartment and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including dry wall, paint, wallpaper, linoleum, carpeting, etc., which are deemed



to be a permanent part of each apartment which may be repaired and/or replaced by the apartment owner, but never completely removed therefrom. This paragraph 4 shall not apply to those items with respect to insurance coverage covering a casualty loss."

(8) Section 15 of Article IV of said By-laws be and the same is hereby amended to read as follows:

" Section 15. AUDIT OF ACCOUNTS. The Board may require in their discretion an audit of the accounts of the Association to be made annually by a certified public accountant and a copy of the audit report shall be furnished to each member not later than thirty (30) days after receipt from the accountant."

(9) Section 1 of Article V of said By-laws be and the same is hereby amended to read as follows:

" Section 1. ELECTION OF OFFICERS. The officers of the Board of Administration shall be elected every two (2) years by the Board of Administration at the annual meeting and shall hold office at the pleasure of the Board. Such officers shall also serve as officers of the Council."

The above document applies to the following described real estate:

Units 1 to 12, both inclusive, Chelsea Villas -  
E. 125' of Lot 1 and the W. 1/3rd of Lot 2 (50' more or less), Block 6, of the Plat of West Okoboji, in the Town of Wahpeton, Dickinson County, Iowa

At a meeting duly called and held the above amendments were approved and authorized by the owners representing at least 75% of the total percentage assigned to all units in the condominium of Chelsea Villas in accordance with the provisions of the Declaration of Establishment and the By-Laws of the Council of Co-Owners.

Now Therefore this document will be delivered to the Recorder of Dickinson County, Iowa, for recording purposes. Dated this 3rd day of July, 1987, at Wahpeton, Iowa.

CHELSEA VILLAS

By

*Dale M. Grunewald Pres*  
Dale M. Grunewald, President

By

*Philip J. Dorweiler*  
Philip J. Dorweiler, Treasurer

INSTR. NO. 973209

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JANE BERTSCHELLER  
RECORDER  
DICKINSON COUNTY, IOWA  
FEES 36.00

AMENDMENT TO THE  
DECLARATION OF ESTABLISHMENT  
OF A HORIZONTAL PROPERTY REGIME  
(CONDOMINIUM) TO BE KNOWN AS  
CHELSEA VILLAS

WHEREAS, Stockdale, Inc., as grantor, made the DECLARATION OF ESTABLISHMENT OF A HORIZONTAL PROPERTY REGIME (CONDOMINIUM) TO BE KNOWN AS CHELSEA VILLAS ("Chelsea Villas") dated October 3, 1973 which was filed in the office of Dickinson County Recorder that same date and recorded in Misc. Rec. Q, Page 79 (the "Declaration"); and

WHEREAS attached to the Declaration was Exhibit B which showed the location of the three buildings and the eleven apartment units contained therein ("Apartment Units") and showing the location of the three garage buildings and the individual garages therein assigned to each Apartment Unit.

WHEREAS, subsequent to the Declaration and prior to July 30, 1974, Stockdale, Inc. conveyed Apartment Units to other persons; and

WHEREAS, Stockdale, Inc. on July 30, 1974 filed an AMENDMENT OF DECLARATION OF ESTABLISHMENT OF A HORIZONTAL PROPERTY REGIME (CONDOMINIUM) TO BE KNOWN AS CHELSEA VILLAS in the office of the Dickinson County Recorder and recorded in Misc. Rec. Q, Page 533 ("First Amendment") which purported to amend Exhibit B of the Declaration ("Original Exhibit B") by substituting an Amended Exhibit B by showing a different location of the center garage building located on the southerly boundary of the property and showing the individual garages assigned to each Apartment Unit in each garage building ("Purported Amended Exhibit B"); and

WHEREAS, it does not appear that the First Amendment was adopted in conformance with Section 4 of the Horizontal Property Act, Section 499B.4 1973 Code of Iowa, nor in accordance with Paragraph 15 of the Declaration; and

WHEREAS, Purported Amended Exhibit B is partially illegible; and

WHEREAS, the location of the existing garage buildings are as shown in Purported Amended Exhibit B, but the present individual garages assigned to Apartment Units largely do not conform to either the Original Exhibit B or Purported Amended Exhibit B where legible; and

WHEREAS, the Council of Co-Owners desires to clarify the status of the garages and other limited common elements and to provide for the assignments of the individual garages to Apartment Units to conform to and reflect the presently existing

assignments which shall supersede the garage assignments of Original Exhibit B and Purported Amended Exhibit B.

NOW THEREFORE the following amendment TO THE DECLARATION OF ESTABLISHMENT OF A HORIZONTAL REGIME (CONDOMINIUM) TO BE KNOWN AS CHELSEA VILLAS dated October 3, 1973 and filed in the office of the Dickinson County Recorder that same date and recorded in Misc. Rec. Q, Page 79 is hereby adopted pursuant to Paragraph 15 thereof:

1. The following new paragraph 3A is inserted on the fourth page immediately preceding Paragraph 4:

**"3A. LIMITED COMMON ELEMENTS**

A. Definition. The term "limited common elements" shall mean a portion of the common areas set aside and allocated for the exclusive use of respective Apartment Units. A conveyance of an Apartment Unit shall be deemed to convey the limited common elements to be used exclusively in conjunction with the respective Apartment Unit as an appurtenance thereto without the necessity of naming the limited common element.

B. Patios. The patios on the lakeside of the buildings which are appurtenant to each lower level Apartment Unit and directly accessible through Apartment Units located on the lower floor of the buildings are reserved for, and each patio shall constitute a limited common element for, the exclusive use of the respective Apartment Unit which it serves.

C. Decks. The decks on the lakeside of the buildings which are appurtenant to each upper level Apartment Unit and accessible only through Apartment Units located on the upper floors of the buildings are reserved for, and each deck shall constitute a limited common element, for the exclusive use of the respective Apartment Unit which it serves.

D. Garage Stalls. The regime also consists of 3 garage buildings containing 12 individual garage stalls. Each Apartment Unit shall be assigned one individual garage stall as a limited common element. The garage buildings are general common elements but the interior space and surfaces of each individual garage stall shall constitute a limited common element of the Apartment Unit to which it is assigned.

**E. Designation of Individual Garage Stalls.**

1. East garage building which is located along the East boundary of the property:



(a) Garage Number 4 is the individual garage stall located on East side of the East garage building with garage door facing South.

(b) Garage Number 5 is the individual garage stall on West side of the East garage building with garage door facing South.

(c) Garage Number 6 is the individual garage stall located on North side of the East garage building with garage door facing West.

2. Center garage building which is located along the southerly boundary of property (all garage doors face southerly):

(a) Garage Number 2 is the individual garage stall on West end of the Center garage building.

(b) Garage Number 8 is the individual garage stall second from the West end of the Center garage building.

(c) Garage Number 3 is the individual garage stall in the center of the Center garage building.

(d) Garage Number 9 is the individual garage stall second from the East end of the Center building.

(e) Garage Number 10 is the individual garage stall on the East end of the Center building.

3. West garage building which is located approximately 28 feet East of the West boundary of the property:

(a) Garage Number 1 is the individual garage stall on South side of the upper level of the West garage building with garage door facing East.

(b) Garage Number 7 is the individual garage stall on North side of the upper level of the West garage building with garage door facing East.

(c) Garage Number 11 is the individual garage stall on North side of the lower level of the West garage building with garage door facing West.

(d) Garage Number 12 is the individual garage stall on South side of the lower level of the West garage building with garage door facing West.

**F. Assignment of Garages.** The garages are assigned to the Apartment Units immediately following the garage designated:

17-581



1. Garage Number 1 - Apartment Unit No. 1.
2. Garage Number 2 - Apartment Unit No. 5.
3. Garage Number 3 - Apartment Unit No. 3.
4. Garage Number 4 - Apartment Unit No. 4.
5. Garage Number 5 - Apartment Unit No. 2.
6. Garage Number 6 - Apartment Unit No. 6.
7. Garage Number 7 - Apartment Unit No. 7.
8. Garage Number 8 - Apartment Unit No. 8.
9. Garage Number 9 - Apartment Unit No. 9.
10. Garage Number 10 - Apartment Unit No. 10.
11. Garage Number 11 - Not assigned.
12. Garage Number 12 - Apartment Unit No. 12.

G. Restrictions. A garage may not be transferred, assigned or otherwise alienated nor may the right to use a garage be transferred or assigned except as the garage is appurtenant to the Apartment Unit to which it is assigned; provided however, garages may be exchanged between Apartment Units so long as each Apartment Unit continues to have a garage appurtenant to it for its exclusive use. Garages may be exchanged between Apartment Units only by an appropriate instrument duly filed of record in the office of the Dickinson County Recorder with a copy delivered to the President of the Association and the exchange shall be entered in the minutes of the next meeting of the Council of Co-Owners."

2. Attached hereto is an illustration of the designation and present assignment of the garages. The illustration is not to scale and the garage buildings are not oriented as to the property, other buildings or each other.

This Amendment to the Declaration was duly adopted at a meeting of the members (Council of Co-Owners) held pursuant to due notice on July 6, 1997, by the affirmative vote of more than two-thirds (2/3) of the Owners in accordance with the Declaration

and Bylaws of Chelsea Villas, Incorporated, which is the Council of Co-Owners of the Chelsea Villas Condominium Association.

CHELSEA VILLAS, INCORPORATED

BY: *J. B. West*  
*James B. West, President*

BY: *Katherine E Becker*  
*Katherine Becker, Secretary*

STATE OF IOWA )  
COUNTY OF Pickens )

On this 8 day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared James B. West to me personally known, who, being by me duly sworn, did state that he is the President of Chelsea Villas, Incorporated, which is the Council of Co-Owners of the Chelsea Villas Condominium Association, an Iowa corporation, that said corporation has no seal, and that the foregoing was signed on behalf of said corporation by authority of its Council of Co-Owners, and James B. West acknowledged the execution thereof to be the voluntary act and deed of said corporation, by him voluntarily executed.

WITNESS my hand and notarial seal at Wapeton, Iowa, the day and year first above written.

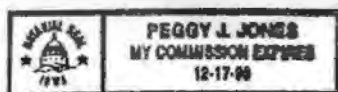


Peggy J. Jones  
Notary Public in and for said  
County and State

STATE OF IOWA )  
COUNTY OF Pickens )

On this 8 day of July, 1997, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Katherine Becker to me personally known, who, being by me duly sworn, did state that she is the Secretary of Chelsea Villas, Incorporated, which the Council of Co-Owners of the Chelsea Villas Condominium Association, an Iowa corporation, that said corporation has no seal, and that the foregoing was signed on behalf of said corporation by authority of its Council of Co-Owners, and Katherine Becker acknowledged the execution thereof to be the voluntary act and deed of said corporation, by her voluntarily executed.

WITNESS my hand and notarial seal at Wapeton, Iowa, the day and year first above written.



Peggy J. Jones  
Notary Public in and for said  
County and State



**ILLUSTRATION**  
**CHELSEA VILLAS GARAGE DESIGNATIONS AND ASSIGNMENTS**  
**July 6, 1997**

West Garage Building

Lower Garage No. 11	Upper Garage No. 7  (Assigned to Apt. 7)
Lower Garage No. 12  (Assigned to Apt. 12)	Upper Garage No. 1  (Assigned to Apt. 1)

**Note:** Garage buildings are not oriented as to the property, other buildings, or each other

East Garage Building

Garage No. 6  (Assigned to Apt. 6)	
Garage No. 5  (Assigned to Apt. 2)	Garage No. 4  (Assigned to Apt. 4)

Center Garage Building

Garage No. 2  (Assigned to Apt. 5)	Garage No. 8  (Assigned to Apt. 8)	Garage No. 3  (Assigned to Apt. 3)	Garage No. 9  (Assigned to Apt. 9)	Garage No. 10  (Assigned to Apt. 10)
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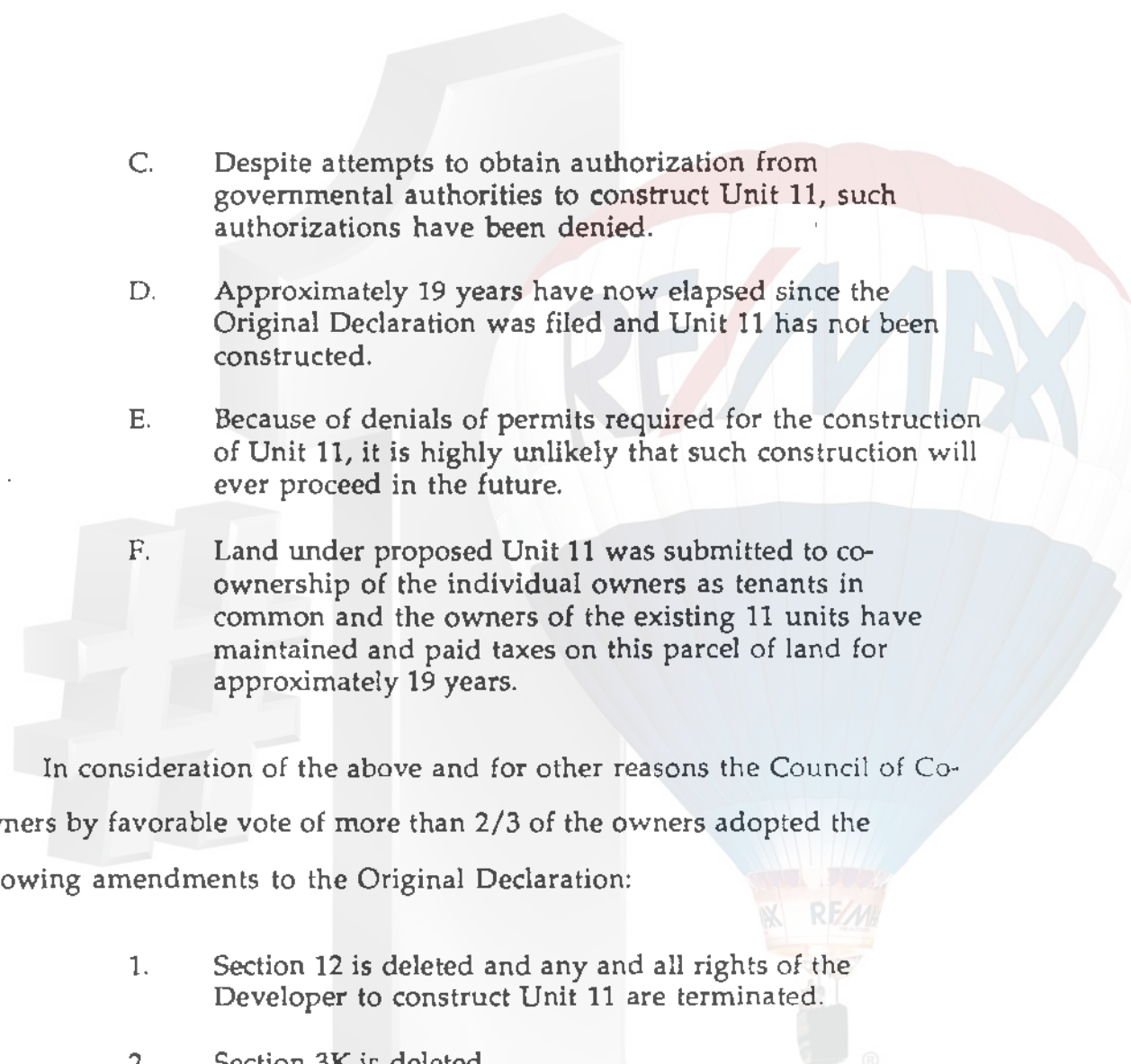
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**AMENDMENT TO DECLARATION OF ESTABLISHMENT  
AND BY-LAWS OF THE COUNCIL OF CO-OWNERS  
OF A HORIZONTAL PROPERTY REGIME (CONDOMINIUM)  
KNOWN AS CHELSEA VILLAS**

At the annual meeting of the Council of Co-Owners held July 4, 1993, acting following notice duly given to all members of the Council of Co-Owners and to Stockdale, Inc., as the Developer (the "Developer"), the owners of the 11 existing units of the Chelsea Villas Condominium established pursuant to a Declaration of Horizontal Property Regime dated October 3, 1973 and filed on the same day in Misc. Rec. Q, Page 79 of the Dickinson County records, as previously amended by instruments filed July 30, 1974 in Misc. Rec. Q at Page 553 and July 6, 1987 in Misc. Rec. 1, Page 61 of the Dickinson County records (together referred to below as the "Original Declaration"), further amended the Original Declaration and the By-laws of the Council of the Co-Owners as previously amended by an instrument filed July 6, 1987 in Misc. Rec. 1, Page 61 of the Dickinson County records (together referred to as the "Original By-laws") for the reasons and to the extent set forth below.

The reasons for this amendment are as follows:

- A. Exhibit "B" to the Original Declaration shows graphically the 11 units (1-10 and 12) of Chelsea Villas Condominiums which were constructed and today remain as originally constructed. Exhibit "B" also shows a contemplated Unit 11 located to the west of the other units which has never been constructed.
- B. Paragraph 12 of the Original Declaration grants the Developer the right to construct Unit 11 at such time and in such manner as he determines subsequent to the filing of the Declaration.

- 
- C. Despite attempts to obtain authorization from governmental authorities to construct Unit 11, such authorizations have been denied.
- D. Approximately 19 years have now elapsed since the Original Declaration was filed and Unit 11 has not been constructed.
- E. Because of denials of permits required for the construction of Unit 11, it is highly unlikely that such construction will ever proceed in the future.
- F. Land under proposed Unit 11 was submitted to co-ownership of the individual owners as tenants in common and the owners of the existing 11 units have maintained and paid taxes on this parcel of land for approximately 19 years.

In consideration of the above and for other reasons the Council of Co-Owners by favorable vote of more than 2/3 of the owners adopted the following amendments to the Original Declaration:

1. Section 12 is deleted and any and all rights of the Developer to construct Unit 11 are terminated.
2. Section 3K is deleted.
3. All other references to Unit 11 in the Original Declaration and exhibits to the Original Declaration are deleted.
4. In Section 2, the word "twelve" is deleted and the word "eleven" substituted in lieu thereof.
5. The penultimate paragraph of Section 3 is amended to provide that ownership of an apartment carries with it an undivided one-eleventh (1/11) interest in all common elements and facilities as defined in the Original Declaration.
6. In Section 7, the words "one-twelfth" are deleted and the words "one-eleventh" substituted in lieu thereof.



Also, in consideration of the above and for reasons of preference and convenience, the Council of Co-Owners by favorable vote of more than 2/3 of the owners, adopted the following amendment to the Original By-laws:

1. The third sentence of Article VI, Section 1, is amended to provide that assessments for maintenance or management shall be made prorata on the basis of 1/10 for each unit except Unit #12.

This document applies to Units 1-12, inclusive, in Chelsea Villas, a Condominium Development located on the East 125 feet of Lot 1 and the West 50 feet, more or less, being the West one-third of Lot 2, in Block 6, Plat of West Okoboji, City of Wahpeton, Dickinson County, Iowa. Upon recording of this document with the office of the Recorder of Dickinson County, Iowa the premises will hereinafter be described as:

Units 1-10, inclusive and Unit 12, in Chelsea Villas, a Condominium Development located on the East 125 feet of Lot 1 and the West 50 feet, more or less, being the West one-third of Lot 2, in Block 6, Plat of West Okoboji, City of Wahpeton, Dickinson County, Iowa.

I certify that the above amendments and statements of reasons for amendment were adopted by the requisite number of unit owners at the annual meeting of the Council of Co-Owners held July 4, 1993, and that this meeting was held after due notice to all members of the Council of Co-Owners and to the Developer.

COUNCIL OF CO-OWNERS OF THE  
CHELSEA VILLAS CONDOMINIUM ASSOCIATION

By: John R. Walker, Jr.  
John R. Walker, Jr., President

By: John R. Carroll  
John Carroll, Secretary

State of Iowa

County of Dickinson

On this 4<sup>th</sup> day of July, 1993, before me, a notary public in and for the State of Iowa, personally appeared John R. Walker, Jr. and John Carroll, who being by me duly sworn did state that they are the President and the Secretary, respectively, of the Council of Co-Owners of the Chelsea Villas Condominium Association, and that the foregoing Affidavit was signed on behalf of said association by authority of its Council of Co-Owners and the said John R. Walker, Jr. and John Carroll acknowledged the execution of said Affidavit to be the voluntary act and deed of said association, by it and by them voluntarily executed.



James I. Grant  
Notary Public in and for the State of Iowa

INSTR. NO. **953253**

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JAN BORTSCHELLER  
RECORDER  
DICKINSON COUNTY, IOWA  
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**RESTATED AND AMENDED  
BYLAWS OF  
CHELSEA VILLAS, INCORPORATED, WHICH IS  
THE COUNCIL OF CO-OWNERS  
OF THE HORIZONTAL PROPERTY REGIME (CONDOMINIUM)  
KNOWN AS CHELSEA VILLAS**

These Restated and Amended Bylaws supersede and replace in their entirety, the Original Bylaws duly adopted and recorded on October 3, 1973, in the office of the Dickinson County Recorder as Exhibit "D" to the Declaration of Horizontal Property Regime filed in Misc. Rec. Q, Page 79, as amended by an Amendment dated July 3, 1987, and recorded on July 6, 1987, in Misc. Rec. 1, Page 61 of the Dickinson County records.

**ARTICLE I  
Condominium Plan of Apartment Ownership**

**Section 1. Condominium Plan of Ownership.** The property located at Wahpeton, Dickinson County, Iowa, identified by the name Chelsea Villas, and more fully identified in the Declaration of Establishment of a Horizontal Property Regime (Condominium) To Be Known as Chelsea Villas (hereinafter the "Declaration"), which Declaration is recorded in the Office of the Recorder of Dickinson County, Iowa, has been submitted to the provisions of Chapter 499B of the Code of Iowa (hereinafter the "Act").

**Section 2. Applicability of Bylaws.** These are the Bylaws of Chelsea Villas, Incorporated, a corporation organized under the provisions of Chapter 504A of the Code of Iowa, for the purpose of administering the property known as Chelsea Villas pursuant to §499B.14 of the Code of Iowa. The term "property" as used herein, and to which the provisions of these Bylaws are applicable, shall include both the land and the building or buildings located thereon.

**Section 3. Application.** All present and future Owners, mortgagees, lessees, and occupants of apartment units and any other person who may use the facilities of the condominium in any manner, are subject to these Bylaws, the Declaration, and the rules and regulations pertaining to the use and operation of the condominium property. The mere acceptance of a deed or conveyance, or the entering into of a lease, or the mere act of occupancy of an apartment unit shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

# 3253  
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Aug 14, 1995

8-4-95



**ARTICLE II**  
**Council of Co-Owners**

**Section 1. Owners-Qualification.** Each "Owner", as said term is defined in the Declaration, shall become a member of the Council of Co-Owners (hereinafter sometimes the "Council") immediately upon becoming qualified as an "Owner". Notwithstanding the form of ownership of an apartment unit, unless otherwise approved by the Council of Co-Owners, the primary occupancy and use of an apartment unit is restricted to a single family. For purposes of these Bylaws "family" is defined as a group of people related by blood or marriage. If the Owner of the apartment is a corporation or partnership, the member may be an officer, partner or employee of such apartment Owner. In case of dispute, the individual entitled to cast the vote for the apartment in meetings of the Council of Co-Owners, as designated in accordance with the provisions of Section 9 of Article II of these Bylaws, may be required by any officer of the Board of Administration to file a certificate designating the family entitled to occupancy.

**Section 2. Succession.** The membership of each Owner shall terminate when he/she ceases to be an Owner, as defined, and upon the sale, transfer or other disposition of his/her ownership interest in the property, his/her membership in the Council of Co-Owners shall automatically be transferred to the new Owner succeeding to such ownership interest.

**Section 3. Annual Meetings.** There shall be a regular annual meeting of the Council of Co-Owners held on July 4th (or the Saturday or Sunday closest thereto as designated in the notice of meeting) of each year at 10:00 a.m. for the purpose of electing members of the Board of Administration (hereinafter sometimes the "Board"), in accordance with the requirements and provisions of Article III of these Bylaws, and transacting any and all other business authorized to be transacted by the members.

**Section 4. Place of Meetings.** Meetings of the Council of Co-Owners shall be held at the apartment of the President of the Board of Administration, or such other suitable place convenient to the Owners as may be designated by the President, with notice given as provided by Section 6 of this Article II of these Bylaws.

**Section 5. Special Meetings.** Special meetings of the Council of Co-Owners may be called by the President or by a majority of the members of the Board, and it shall be the duty of the President to call a special meeting of the Council upon a petition, signed by a "majority of Owners", (as said term is defined in Section 11 of this Article II of these Bylaws), being presented to the Secretary. The notice of any such special meeting shall state the time and place of such meeting and the purpose thereof.

**Section 6. Notice of all Meetings.** It shall be the duty of the Secretary or his/her designate to give notice of each annual meeting or special meeting. Notices of meetings may be delivered either personally or by mail to each Owner of record at the address given to the Board by said Owner for such purpose, at least five (5) days but not more than thirty (30) days prior to such meeting. Notice may be delivered to the Owner's apartment if no other address for such purpose has been given to the Board. Each required notice shall state the purpose of the meeting as well as the time and place where it is to be held. The mailing of a notice in the manner provided in this Section shall be considered notice served.

**Section 7. Waiver of Notice.** Before or at any meeting of the Council of Co-Owners, an Owner may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an Owner at any meeting of the Council shall be a waiver of notice by him/her of the time and place thereof. If all the Owners are present in person or by proxy at any meeting of the Council, no notice shall be required and any business may be transacted at such meeting.

**Section 8. Quorum: Adjourned Meetings.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of Owners", as defined in Section 11 of this Article II, shall constitute a quorum. If any meetings of the Council cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 24 hours nor more than one week from the time the original meeting was called.

**Section 9. Voting.** Voting shall be on the basis of one vote for each apartment (a total of eleven (11) votes). If an apartment is owned by more than one person, or is under lease, the person entitled to cast the vote for the apartment shall be designated by a certificate signed by all of the record owners of the apartment and filed with the Secretary. If an apartment is owned by a corporation, the person entitled to cast the vote for the apartment shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary. If the apartment is owned by a partnership, whether general or limited, or a joint venture, the certificate designating the voting member shall be signed by all partners or joint venturers as the case may be. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the apartment concerned. A certificate designating the person entitled to cast the vote of an apartment may be revoked by any Owner of an apartment. If such a certificate is not on file, any person attending any meeting and claiming to be authorized to cast a vote on behalf of such Owners shall be presumed to be properly authorized to vote on any matter presented at such meeting.

**Section 10. Proxies.** Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or adjournment of the meeting.

**Section 11. Majority of Owners.** As used in these Bylaws, the term "majority of Owners" shall mean those Owners holding at least six (6) of the eleven (11) eligible votes.

**Section 12. Order of Business.** The order of business at all annual meetings of the Council of Co-Owners, and as far as practical at other members' meetings, shall be as follows:

- (a) Election of Chairman of the meeting (in the absence of the President and Vice President).
- (b) Calling of the roll and certifying of proxies.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and disposal of any unapproved minutes of prior meetings.
- (e) Reports of officers.
- (f) Reports of committees.
- (g) Election of officers.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

**ARTICLE III**  
**Board of Administration**

**Section 1. Number, Election and Term of Office.** The affairs of the condominium shall be governed by a Board of Administration. The Board of Administration shall be composed of not less than three (3) or more than five (5) persons, who may also be known as directors, all of whom shall be Owners or spouses of Owners of apartment units, or, in the case of corporate Owners, shall be officers, stockholders or employees of such corporation, or, in the case of fiduciary Owners, shall be the fiduciaries, or officers, employees or agents of such fiduciaries, or, in the case of partnership owners, shall be partners of such



partnerships. The Board shall consist of the officers as designated in Article IV of these Bylaws and who shall be elected and hold office as provided in said Article IV. To the extent practicable, one-half (1/2) of the members of the Board shall be elected in even numbered years and the balance in odd numbered years.

**Section 2. Qualification.** Each director shall meet the ownership qualifications set forth in Section 1 of this Article III. If a director shall cease to meet such qualifications during his/her term, he/she shall thereupon cease to be a director and his/her place on the Board shall be deemed vacant.

**Section 3. Vacancies.** Any vacancy occurring on the Board shall be filled by a majority vote of the remaining members thereof. Any director so elected or appointed to fill a vacancy shall hold office until the next meeting of the Council of Co-Owners, at which there is an election of officers.

**Section 4. Removal.** Any director may be removed from office for cause by the vote of the "majority of Owners", as that term is defined in these Bylaws.

**Section 5. Place of Meetings.** Meetings of the Board of Administration shall be held at the apartment of the President of the Board or such other suitable place convenient to the Owners as may be designated by the President.

**Section 6. Annual Meetings.** The annual meeting of the Board shall be held on July 4th (or the Saturday or Sunday closest thereto as designated in the notice of the annual meeting of the Council of Co-Owners) of each year, immediately following the adjournment of the annual meeting of the Council of Co-Owners. The Board may at the annual meeting also transact such other business of the Board as may properly come before it.

**Section 7. Special Meetings.** Special meetings of the Board shall be held upon a call by the President, and it shall be the duty of the President to call a special meeting of the Board upon a petition, signed by a majority of the members of the Board, being presented to the Secretary. Notice of any such special meeting shall state the time and place of such meeting and the purpose thereof, and shall be furnished in the manner set forth in Section 9 of this Article III.

**Section 8. Quorum.** A quorum at Board of Administration meetings shall consist of a two-thirds (2/3) majority of the entire Board of Administration. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Administration, except when approval by a greater number of directors is required by the Declaration or these Bylaws. The joinder of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.



**Section 9. Notice; Waiver of Notice.** It shall be the duty of the Secretary or his/her designate to give notice of each annual meeting or special meeting of the Board of Administration. Notices of meetings may be delivered either personally or by mail, and shall state the purpose of the meeting as well as the time and place where it is to be held. Notice is to be given to each member of the Board at least five (5) days but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. Before or at any meeting of the Board, any member thereof may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board shall be a waiver of notice by him/her of the time and place thereof. If all the Board members are present in person or by proxy at any meeting of the Board, no notice shall be required and any lawful business may be transacted at such meeting.

**Section 10. Adjourned Meetings.** If any meetings of the Board cannot be organized because a quorum has not attended, the presiding officer who is present may adjourn the meeting to a time not less than 24 hours nor more than one week from the time the original meeting was called.

**Section 11. Order of Business.** The order of business at all annual meetings of the Board of Administration shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of the minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

**Section 12. Conduct of Business Without a Meeting.** Ordinary business and decisions and resolutions of the Board may be conducted and put into effect without a formal meeting of the Board provided the full particulars of the item of business or the decisions or resolutions are reduced to writing, signed by a majority of the Board, and filed with the Secretary of the Board, who shall keep said writing with the minutes of the meetings of the Board.

**Section 13. Powers and Duties.** The Board shall have the powers and duties as delegated by the Council of Co-Owners which are necessary for the administration of all of the affairs of Chelsea Villas and may do all such acts and things as are not by law or by the Declaration or these Bylaws prohibited including, but not limited to, the following:

- (a) To administer the affairs of the Council and the property.
- (b) To engage the services of an agent (hereinafter sometimes called the "Management Agent"), as provided in Section 14 of this Article III.
- (c) To formulate policies for the administration, management and operation of the property and all common elements and facilities.
- (d) To adopt rules and regulations, with written notice thereof to all Owners, governing the administration, management, operation and use of the property and the common elements and facilities, and to amend such rules and regulations from time to time.
- (e) To provide for the maintenance, repair and replacement of the common elements and facilities, and payments therefor, and to approve payment vouchers or delegate such approval to the officers or the Management Agent.
- (f) To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the property and the common elements and facilities, and to delegate any such powers to the Management Agent (and any such employees or other personnel who may be the employees of Management Agent).
- (g) To appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board.
- (h) To determine the fiscal year of the Council and to change said fiscal year from time to time as the Board deems advisable. (As of date of the adoption of these Bylaws, said fiscal year is the calendar year and begins on January of each year.)
- (i) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners their

respective shares of such estimated expenses, as hereinafter provided.

- (j) To provide for the care, upkeep and surveillance of the property and the general common elements and facilities, including care, upkeep and surveillance of common docks, waterfront and common elements on, in or adjacent to the water area and the lake frontage abutting the common property, and the regulation of use thereof by the Owners.
- (k) To approve or disapprove of the type, design and style of a boat hoist installed by an Owner in the adjacent water area. No unapproved boat hoist shall be permitted.
- (l) To bring, prosecute and settle litigation for itself, the Council and the property.
- (m) To obtain insurance for the Council with respect to the apartment units and common elements and facilities, as well as Worker's Compensation insurance, and other insurance, including fidelity bond coverage, as may be deemed appropriate.
- (n) To repair or restore the property following damage or destruction, or a permanent taking by the power of, or power in the nature of, eminent domain or by an action or deed in lieu of condemnation, not resulting in the removal of the property from the provisions of the Act.
- (o) To own, purchase or lease, hold and sell, or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient in the management of the business and affairs of the Council and the Board and in the operation of the property, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.
- (p) To keep adequate books and records, including the minute book wherein the resolutions of the Council shall be kept.
- (q) To approve and sign checks and issue payment vouchers.
- (r) To pay off liens against any portion of the property.
- (s) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a "majority of Owners", as expressed in a resolution duly adopted at any annual or special meeting of the Council of Co-Owners.

- (t) To exercise all other powers and duties of the Council of Co-Owners as a group referred to in the Act, and all powers and duties of the Board referred to in the Declaration or these Bylaws.

**Section 14. Management Agent.** The Board may employ a Management Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 13 of this Article III.

**Section 15. Compensation.** Board members shall receive no compensation for their services as directors, unless expressly provided in a resolution duly adopted by a majority of Owners, as herein defined.

**Section 16. Fidelity Bonds.** The Owners may require that any officers, assistant officers or employees of the Board handling or responsible for Board funds shall furnish adequate fidelity bond. The premiums on such bonds, if required, shall be paid by the Board.

**Section 17. Audit of Accounts.** An audit of the accounts of the Board shall be made annually by a certified public accountant and a copy of the audit report shall be furnished to each Owner not later than thirty (30) days after receipt from the accountant; provided, however, that the requirement of an annual audit for any given year may be waived by the vote of the "majority of Owners".

**Section 18. Non-Delegation.** Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Council or to the officers of the Council any powers or duties which, by law, have been delegated to the Owners.

**Section 19. Liability of the Board of Administration.** The members of the Board of Administration shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each member of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the condominium. It is also intended that the liability of any Owner arising out of any contract made by the Board or out of the indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his/her interest in the common elements bears to the interests of all the Owners in the common elements. Every agreement made by the Board or by the Management Agent on behalf of the condominium shall provide that the



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members of the Board, or the Management Agent, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his/her interest in the common elements and facilities bears to the interests of all Owners in the common elements and facilities.

#### ARTICLE IV Officers

**Section 1. Designation.** The principle officers shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Council of Co-Owners and shall be themselves Owners and shall serve as such officers without compensation. Any Owner may at the same time hold the positions of any two officers, except President and Vice President. The Board may appoint an Assistant Treasurer and an Assistant Secretary, who need not be themselves members of the Board, if in the judgment of the members of the Board they deem such appointment to be necessary.

**Section 2. Election of Officers.** The officers shall be elected by a majority vote of the Council of Co-Owners at the annual meeting and shall hold office for a two-year term as provided by Section 8 of this Article IV.

**Section 3. President.** The President shall be the chief executive officer of the Board of Administration and the Council. He shall preside at all meetings of the Council and of the Board of Administration. He shall have all of the general powers and duties which are usually vested in the office of president of a council and the president of a board, including but not limited to the power to appoint committees from among the Owners from time to time as he/she may in his/her discretion decide is appropriate to assist in the conduct of the affairs of the Council or of the Board.

**Section 4. Vice President.** The Vice President shall take the place of the President and perform his/her 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 Administration shall appoint some other member of the Board to so do 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 Council of Co-Owners, the Board of Administration or the President.

**Section 5. Secretary.** The Secretary shall keep the minutes of all meetings of the Council of Co-Owners and all meetings of the Board of Administration; he/she shall have charge of such books and papers as the Council of Co-Owners or Board may direct; and he/she shall, in general, perform all the duties incident to the office of Secretary.

**Section 6. Treasurer.** The Treasurer shall have responsibility for the funds and securities of the Council and the Board of Administration, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements of the Council and of the Board in books belonging to the Council or the Board. He/She shall also be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Council or to the credit of the Board in such depositories as may from time to time be designated by the Council or the Board, in accordance with the provisions of Section 7 of Article VI of these Bylaws. Expenditures of funds of the Council or of the Board up to the sum of \$100.00 for any one item may be made by the Treasurer without prior approval of the Board of Administration; however, an expenditure exceeding the sum of \$100.00 must be budgeted by the Council or have the approval of a simple majority of the Board of Administration. Within ninety (90) days after the end of each fiscal year, the Treasurer shall, pursuant to Section 3, Article VI, distribute to each Owner a report of the receipts and disbursements for the preceding fiscal year, which shall include an itemization of all expenses for capital improvements, as defined in Section 6(d), Article VI.

**Section 7. Special Powers and Limitations.** The Board or the Council may delegate any specific powers to any officer or impose such limitations or restrictions upon the powers of any officer as the Board or the Council may see fit.

**Section 8. Term of Office.** Each officer shall hold office for a term of two (2) years and until his/her successor shall have been appointed or elected and qualified, subject, however, to removal as provided by Section 9 of this Article IV.

**Section 9. Removal of Officers.** Upon an affirmative vote of a majority of the Owners, any officer or an assistant thereto may be removed, either with or without cause, and his/her successor elected at any regular meeting of the Council, or at any special meeting of the Council called for such purpose.

**Section 10. Vacancies.** Vacancies in any office shall be filled by the Council by a majority vote of the Owners at a regular or special meeting of the Council called for such purpose. In the event the Council is unable to timely meet to fill a vacancy, the Board may, by a majority vote of the remaining members of the Board, fill such vacancy on an interim basis until the next meeting of the Council of Co-Owners, at which there is an election of officers.

**Section 11. Compensation.** Notwithstanding the provisions of Section 1 of this Article IV, officers may receive compensation for their services if expressly provided for in a resolution duly adopted by the affirmative vote of the majority of Owners.

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**ARTICLE V**  
**Books and Records**

The books, records and papers of the Council of Co-Owners shall at all times during reasonable business hours be subject to inspection by any Owner or holder of a first mortgage against any apartment. The Declaration and the Bylaws of the Council shall likewise be available for inspection by any Owner or holder of a first mortgage against an apartment at a location to be designated from time to time by the Board.

**ARTICLE VI**  
**Fiscal Management and Operation of the Property**

**Section 1. Annual Budget.** The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Council of Co-Owners. Such budget shall take into account the estimated common expenses and cash requirements for the year, including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, pest control services, insurance (including a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of tornado, fire, earthquake or other hazard), fuel, power and utility charges, and all other common expenses. To the extent that the assessments and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements of those common elements and facilities that must be replaced on a periodic basis, in reasonable amounts as determined by the Board. For the purpose of determining the amount of and collecting said assessments, the Board of Administration is constituted as the agent of the Council of Co-Owners with all powers in relation thereto as is conferred by the Act.

**Section 2. Assessments for Maintenance or Management.** The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Owner, not later than thirty (30) days prior to the beginning of such year. Each Owner shall pay, as his/her respective quarterly assessment for the maintenance or management common expenses, one-tenth (1/10) of his/her proportionate share of the common expenses for such year as shown by the annual budget. The assessments shall be made pro rata on the basis of one-tenth (1/10) for each unit except Unit No. 12, which shall not be subject to said assessment for maintenance or management. Such assessments may include periodic payments to a general operating reserve fund, part of which may be allocated to a reserve fund for contingencies. Each Owner will voluntarily pay said assessments to the



Treasurer or his/her designee not later than the 10 day after notice that the assessment is being billed, and upon failure to do so shall be subject to the provisions of Section 499B.17 of the Code of Iowa dealing with the collection of common expenses assessed by the Council. Assessments not paid when due shall draw interest at the maximum rate allowed under Iowa law. All Owners shall pay before they become delinquent the real property taxes and special assessments which will be levied on the respective apartments under the provisions of Section 499B.11 of the Code of Iowa. All utilities such as water and electricity used in each apartment shall be metered separately, and the expenses of said utilities shall be paid by the Owner of the apartment directly to the supplier or suppliers thereof, provided, however, that the water used for the sprinkling of the lawn shall be metered separately from the water used in the apartments and the expense of the water used for watering the law shall be one of the property communal expenses to be shared by all of the Owners.

In the event that the Board shall not approve an estimated annual budget or shall fail to determine new quarterly assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay each quarter the amount of his/her respective quarterly assessment as last determined. No Owner shall be relieved of his/her obligation to pay his/her assessment by abandoning or not using his/her apartment or the common elements and facilities. The Board shall direct the manner and place of payment.

**Section 3. Annual Report.** Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause the Treasurer to furnish to each Owner a report for such year so ended showing the receipts and disbursements, which shall include an itemization of all expenses for capital improvements, as defined in Section 6(d), Article VI, and such other information as the Board may deem desirable.

**Section 4. Supplemental Budget.** In the event that during the course of any year, it shall appear to the Board that the quarterly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated maintenance or management common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Owner, and thereupon a supplemental assessment shall be made on each Owner for his/her proportionate share of such supplemental budget.

**Section 5. Special Assessments for Capital Improvements or Special Use.**

**Capital Improvements.** In addition to the assessments for maintenance or management expenses authorized by Sections 1, 2 and 4 hereof, the Council of



Co-Owners may levy in any fiscal year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, or unexpected repair or replacement, of a described capital improvement upon the common elements and facilities, including the necessary fixtures and personal property related thereto, provided that any such assessments in excess of \$1,000.00 per project shall have the consent of two-thirds (2/3) of the votes of the entire voting membership of the Council of Co-Owners who are voting in person or by proxy at a regular meeting or a special meeting duly called for this purpose, written notice of which shall be sent by ordinary mail to each member at his/her last known address at least five (5) days in advance and shall set forth the purpose of the meeting. Each Owner shall pay, as his/her respective assessment for capital improvements to the common elements and facilities, one-eleventh (1/11) of the common expenses for such capital improvements.

Upon the consent of two-thirds (2/3) of the votes of the entire voting membership of the Council of Co-Owners, annual assessments may be levied over an approved period of years for the purpose of the amortization of the cost and expense of capital improvements; and after such consent the Board may borrow money to defray the cost of such authorized capital improvements and pledge the common elements and the authorized annual assessments to secure payment of the money borrowed for such authorized purpose.

**Special Use.** The Council of Co-Owners may likewise levy a special assessment against any member or members for services or equipment provided for the special use of such member (for example, the care and maintenance of the individual member's boat hoist or boat slip). The Council shall after five (5) days' written notice to the member, mailed by ordinary mail to his/her last known address, have authority to levy an assessment against any member for maintenance, service or repair of any such equipment or property individually or specially used by said member. Such assessment shall be due on the date specified by the Council. Upon mailing to the member's last known address, such notice shall be deemed complete for computation of time of service.

**Section 6. Accounting.** The funds and expenditures of the Council shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

- (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 contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense 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, depreciation or obsolescence.
- (d) "Capital improvements," which shall include the funds to be used for capital expenditures for construction, reconstruction, repair or replacement of capital improvement or for additional improvements or additional personal property which will be part of the common elements and facilities.

**Section 7. Holding of Funds: Bank Depository.** All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder and under the Declaration against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) such funds shall be deemed to be held for the benefit, use and account of all the Owners in proportion to their ownership percentage of all of the apartments provided by the Declaration. The depository of the Council shall be such bank or banks as shall be designated from time to time by the Board and in which the moneys of the Council shall be deposited. Withdrawal of moneys from such account shall be only by checks signed by such persons as are authorized by the Board.

**Section 8. Lien.** It shall be the duty of every Owner to pay his/her proportionate share of the common expenses and assessments, as provided in the Declaration, and as assessed in the manner in this Article VI provided.

If any Owner shall fail or refuse to make any such payment of the common expenses and assessments when due, the amount thereof (together with interest thereon at the maximum lawful rate of interest per annum after said common expenses become due and payable) shall constitute a lien, as provided in the Declaration, enforceable by the Board, on the interest of such Owner in the property; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Owner, except for the amount of the proportionate share of common expenses which are due and payable from and after the date on which such mortgage owner or holder either takes possession of the apartment, accepts a conveyance of any interest therein (other than as security) or files suit to foreclose its mortgage and causes a receiver to be appointed to take possession of the apartment. The provisions of this paragraph of this Section 8 shall not be amended, changed, modified or rescinded in any way without prior written consent of all holders of record of mortgages against all or part of the property.

The Council of Co-Owners or its successors and assigns, or the Board or its agents, shall have the right to maintain a suit to foreclose any such lien for unpaid assessments, and there shall be added to the amount due the cost of said suit and other fees and expenses, together with interest and reasonable attorneys' fees to be fixed by the Court. The Board or the Council shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Act, the Declaration or these Bylaws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

**Section 9. Records and Statement of Account.** The Board shall cause to be kept the records required by the Act and detailed and accurate records of the receipts and expenditures affecting the common elements and facilities, specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. The Board, or its designate, shall, upon receipt of ten (10) days' written notice to it or the Council and upon payment of a reasonable fee, furnish to any Owner a statement of his/her account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner, which statement of account shall be conclusive evidence of the amount of unpaid assessments or other charges due as of the date stated in the statement.

**Section 10. Discharge of Liens.** The Board may cause the Council to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the property or the common elements, rather than a lien against only a particular apartment. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

**Section 11. Fidelity Bonds.** Fidelity bonds may be required by the Board from all persons handling or responsible for Council funds. The amount of such a bond shall be determined by the Board of Administration. The premiums on such bonds shall be paid by the Council.

## **ARTICLE VII** **Obligations of the Owners**

**Section 1. Payment of Assessments.** All Owners are obligated to pay the assessments imposed by the Council of Co-Owners or the Board of Administration to meet all common expenses, as provided in Sections 2, 4 and 5 of Article VI hereof.



**Section 2. Maintenance and Repair.**

- (a) Every Owner must perform promptly all maintenance and repair work to facilities or installations serving his/her apartment, which if omitted would affect the property in its entirety or in a part belonging to other Owners, being expressly responsible for the damages and liabilities that his/her failure to do so may engender.
- (b) All the repairs of internal installations of each apartment, such as water, light, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories serving or belonging to the apartment, shall be at the Owner's expense.
- (c) An Owner shall reimburse the Board for any expenditures incurred in repairing or replacing any common area and/or facility damaged through his/her fault.

**Section 3. Right of Entry.**

- (a) An Owner shall grant the right of entry to the Board of Administration, to the Management Agent and to any other person authorized by the Board of Administration in case of any emergency originating in or threatening his/her apartment, whether the Owner is present at the time or not. Any person exercising the right of entry pursuant to this provision shall not be deemed guilty of any manner of trespass.
- (b) An Owner shall permit other Owners, or their representatives, when so required, to enter his/her apartment for the purpose of performing installations, alterations or repairs to the mechanical, electrical or utility services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

**ARTICLE VIII**  
**Use and Occupancy Restrictions**

**Section 1. General.** Each Owner shall comply with the use and occupancy restrictions set forth in the Declaration and elsewhere in these Bylaws. All apartments shall be utilized for residential purposes only and, unless otherwise approved by the Council of Co-Owners, shall be occupied by a single family unit (related by blood or marriage). No unlawful, noxious, or offensive activities shall be carried on in any apartment or elsewhere on the property, nor shall anything be done therein or thereon which shall constitute a nuisance or



which shall, in the judgment of the Board, cause unreasonable noise or disturbance to others.

The owners of all of the units are entitled to the quiet and peaceable enjoyment of their units. All occupants of all units should be courteous toward, and should respect the peace and quiet of, the occupants of other units in the use of their respective units and in the use of the common elements. The occupants of all units shall use extreme care and be considerate in the use of their respective units and in the use of the common elements to minimize noise transmitted to or heard in other units and to minimize the disturbance of the occupants of the units. All units shall have carpet and pad as floor coverings of all areas except entryways, utility rooms, bathrooms and kitchens.

Each Owner shall maintain his/her apartment in good condition and in good order and repair, at his/her own expense, and shall not do or allow anything to be done in his/her apartment which may increase the cost or cause the cancellation of insurance on other apartments or on the common elements. An Owner shall not make structural modifications or alterations in his/her apartment or installations located therein without previously notifying the Board of Administration in writing, through the Management Agent, if any, or through the President of the Board of Administration if no Management Agent is employed. The Board of Administration shall have the obligation to answer within thirty (30) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

**Section 2. Rules of Conduct.** No resident of the property shall post advertisements or posters of any kind in or on the property except as authorized by the Board. Residents shall exercise care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents. No Owner, resident or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, etc., on the exterior of the property where they protrude through the walls or the roof of the property except as authorized by the Board.

No nuisances shall be allowed upon the property, nor any use or practice which is a source of nuisance to the occupants or injurious to the reputation of the condominium complex or which interferes with the peaceful possession and proper use of the property by the members. No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof, and all valid laws, ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in the rules and regulations of the Board. Residents keeping domestic animals will abide by municipal sanitary regulations, and no more than one pet

may be kept by an Owner on the property at any one time. Articles of personal property belonging to any Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in the common areas, except as the Board shall direct.

**Section 3. Abatement and Restraint of Violations by Owners.** A violation of any rules or regulations adopted by the Council or the Board or the breach of any provision contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other right set forth in the Declaration or in these Bylaws, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

**Section 4. Sales and Leases.** No unit Owner may sell or lease his/her apartment unit or any interest therein except by complying with the provisions of this Section. A unit Owner's sale of an apartment unit shall include the sale of:

- (a) The undivided interest in common elements appurtenant thereto;
- (b) The interest of such unit Owner in any apartment unit theretofore acquired by the Council of Co-Owners, or its designee on behalf of all unit Owners, or the proceeds of the sale or lease thereof, if any; and
- (c) The interest of such unit Owner in any other assets of the condominium hereinafter collectively called the "appurtenant interest".

Any unit Owner who receives a bonafide offer for the sale or lease of his/her apartment unit, hereinafter called an "outside offer", which he/she intends to accept, shall give notice to the Board of Administration of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and such other information as the Board of Administration may reasonably require, and shall offer to sell or to lease such apartment unit to the Council of Co-Owners or its designee, corporate or otherwise, on behalf of the Owners of all other apartment units, on the same terms and conditions as contained in such outside offer. The giving of such notice shall constitute a warranty in representation by the unit Owner who has received such offer, to the Council of Co-Owners that such unit Owner believes that outside offer to be bonafide in all respects. Within thirty (30) days after receipt of such notice, the Council of Co-Owners may elect by majority affirmative vote, by notice to such unit Owner, to purchase or to lease such apartment unit as the case may be, or to cause the same to be purchased or leased by its designee, corporate or otherwise, on behalf of all of the unit Owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the unit Owner. In the event the Council of Co-Owners shall elect to purchase or to lease such apartment unit or to cause the same to be purchased or

leased by its designee, title shall pass forty-five (45) days after the giving of notice by the Council of Co-Owners of its election to accept such offer. At the closing, the unit Owner, if such apartment unit is to be sold, shall convey the same to the Council of Co-Owners or to its designee by deed. In the event such apartment unit is to be leased the offering unit Owner shall execute and deliver to the Council of Co-Owners, or to its designee, a lease between the unit Owner as landlord, and the Council of Co-Owners, or its designee, as tenant, covering said apartment unit, on the terms and conditions contained in such outside offer. In the event the Council of Co-Owners or its designee shall fail to accept such offer within thirty (30) days, the unit Owner shall be free to contract to sell or to lease such apartment unit, as the case may be, to the outside offeror within sixty (60) days after the expiration of the period in which the Council of Co-Owners or its designee might have accepted such offer, on the terms and conditions set forth in the notice from the unit Owner to the Board of Administration of such outside offer.

Any deed to an outside offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the Bylaws, and the rules and regulations as the same may be amended from time to time. Any lease to an outside offeror shall be consistent with these Bylaws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Administration, that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Administration, and that the Board of Administration shall have power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. In the event the offering unit Owner shall not, within such sixty (60) day period, contract to sell or to lease such apartment unit, as the case may be, to the outside offeror on the terms and conditions contained in the outside offer, or if such a contract is entered into but not fulfilled, then the unit Owner shall be required to again comply with all of the terms and provisions of this Section in order to sell or to lease the apartment unit.

No leases shall be made for a term of less than three (3) months for any of the units, including the two living units in condominium Unit #12. Every lease entered into between Memorial Day and Labor Day shall be made on the basis that only one family unit (related by blood or marriage) shall be entitled to the occupancy of the apartment unit during the term of said lease.

Any purported sale or lease of an apartment unit in violation of this Section shall be voidable at the election of the Council of Co-Owners. In the event the owner of unit #12 leases the basement apartment unit of Unit #12 the tenants will not have the right to use the dock facilities and other common elements of the condominium regime unless the Board of Administration



specifically permits such use. The Board of Administration may impose and collect such fees as it determines appropriate in connection with such use.

**Section 5. Release by Board of Administration on Behalf of the Council of Co-Owners of Right of First Refusal.** The right of first refusal contained in Section 4 of this Article VIII may be released or waived by the Board of Administration on behalf of the Council of Co-Owners, in which event the apartment unit may be sold, conveyed or leased free and clear of the provisions of such Section.

**Section 6. Certificate of Termination of Right of First Refusal.** A certificate, executed and acknowledged by an officer on behalf of the Council of Co-Owners, stating that the provisions of Section 4 and Section 5 of this Article VIII have been met by a unit Owner, or have been duly waived by the Council of Co-Owners, or the Board of Administration acting on behalf of the Council, and that the rights of the Council of Co-Owners thereunder have terminated, shall be conclusive, upon the Council of Co-Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any unit Owner who has in fact complied with the provisions of Section 4 of this Article VIII or in respect to whom the provisions of said Section have been waived, upon request, at a reasonable fee, not to exceed Twenty-five Dollars (\$25.00).

#### **ARTICLE IX Mortgages**

**Section 1. General.** No Owner shall mortgage his apartment unit except by a first mortgage made to a bank, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender, or by a purchase money mortgage to the grantor, as defined in the Declaration.

**Section 2. Notice to Council.** An Owner who mortgages his/her apartment shall notify the Board of Administration through the Management Agent, if any, or the President of the Board in the event there is no Management Agent, of the name and address of his/her mortgagee; and the Board shall maintain such information in a book entitled "Mortgagees of Apartments".

**Section 3. Notice of Unpaid Assessments.** The Board shall, at the request of a mortgagee of an apartment, report any unpaid assessments due from the Owner of such apartment.

#### **ARTICLE X Condemnation**

In the event of a taking in condemnation or by eminent domain of part or all of the common elements, the award made for such taking shall be payable to the Council of Co-Owners. If a "majority of Owners" duly and promptly approve

the repair and restoration of such common elements, the Board shall arrange for the repair and restoration of such common elements, and the Board or the Council, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that a "majority of Owners" do not duly and promptly approve the repair and restoration of such common elements, the Board or the Council, as the case may be, shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in the Declaration.

#### **ARTICLE XI** **Amendments**

**Section 1. General.** These Bylaws may be amended by the Council in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by Owners representing at least two-thirds (2/3) of the total percentage assigned to all apartments in the condominium as shown in the Declaration. A copy of each amendment shall be certified by the President and Secretary as having been duly adopted and shall be effective when duly recorded in the Office of the Recorder of Dickinson County, Iowa, as an amendment to these Bylaws and the foregoing Declaration.

**Section 2. Notice.** Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

**Section 3. Limitations.** No amendment shall discriminate against any apartment Owner or against any apartment or class or group of apartments unless the apartment Owner so affected shall consent. No amendment shall change any apartment nor the share in the common elements appurtenant to it, nor increase the Owner's share of the common expenses, nor change the voting rights of members, unless the record owner of the apartment concerned and all record owners of liens thereon shall join in the execution of the amendment.

#### **ARTICLE XII** **Miscellaneous**

**Section 1. Compliance and Severability.** These Bylaws are set forth to comply with the requirements of Chapters 499B and 504A of the Code of Iowa. In case any of these Bylaws conflict with the provisions of said statute or any other rule of law, it is hereby agreed and accepted that the provisions of the statute or law will apply and Bylaws conflicting therewith shall be deemed inoperative and null and void without invalidating the remaining Bylaws.

**Section 2. Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

**Section 3. Gender.** The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.


**Section 4. Waiver.** No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

**Section 5. Termination of Rights as to Unit No. 11.** It is hereby declared that all rights of the original developer to design and construct Unit No. 11 referred to in the original Declaration, which unit was to have been located adjacent to the west of Units No. 9 and No. 10, have been terminated by virtue of an Amendment to the Declaration adopted on July 4, 1993, and duly recorded in the office of the Dickinson County Recorder on August 30, 1993. Since the developer's original alleged rights as to Unit No. 11 have been terminated, the number of owners composing the Council of Co-Owners shall be a total of eleven (11).

These Restated Bylaws were duly adopted at a meeting of the Council of Co-Owners held pursuant to due notice July 2, 1995, by a favorable vote of more than two-thirds (2/3) of the Owners in accordance with the provisions of the Declaration and Bylaws of Chelsea Villas, Incorporated, which is the Council of Co-Owners of the Chelsea Villas Condominium Association.

Chelsea Villas Incorporated

By:

  
James L. Krambeck, President

By:

  
James B. West, Secretary



STATE OF IOWA )  
 )  
COUNTY OF POLK )

On this 8th day of August, 1995, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared James L. Krambeck to me personally known, who, being by me duly sworn, did state that he is the President of Chelsea Villas, Incorporated, which is the Council of Co-Owners of the Chelsea Villas Condominium Association, an Iowa corporation, that said corporation has no seal, and that the foregoing was signed on behalf of said corporation by authority of its Council of Co-Owners, and James L. Krambeck acknowledged the execution thereof to be the voluntary act and deed of said corporation, by him voluntarily executed.

WITNESS my hand and notarial seal at West Des Moines, Iowa, the day and year first above written.



*Doreen R. Lynch*  
Notary Public in and for said County  
and State

STATE OF IOWA )  
 )  
COUNTY OF POLK )

On this 8th day of August, 1995, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared James B. West to me personally known, who, being by me duly sworn, did state that he is the Secretary of Chelsea Villas, Incorporated, which is the Council of Co-Owners of the Chelsea Villas Condominium Association, an Iowa corporation, that said corporation has no seal, and that the foregoing was signed on behalf of said corporation by authority of its Council of Co-Owners, and James B. West acknowledged the execution thereof to be the voluntary act and deed of said corporation, by him voluntarily executed.

WITNESS my hand and notarial seal at Des Moines, Iowa, the day and year first above written.



*Doreen R. Lynch*  
Notary Public in and for said County  
and State