

BYLAWS

OF

HILLCREST FARM HOMES ASSOCIATION (as amended on February 22, 1999)

1. *Name of Corporation and Principal Office.* The name of the corporation is Hillcrest Farm Homes Association, a not for profit Kansas corporation, hereinafter referred to as "Association." The principal office of this corporation shall be located at Shawnee, Johnson County, Kansas, or at such other place as the directors, by resolution, may designate from time to time. Meetings of the members or directors may be held at such places within or without the State of Kansas as may be designated by the members from time to time.

2. *Membership and Powers of Developer.* The members shall be all of the owners of lots within the Hillcrest Farm Subdivision in Shawnee, Johnson County, Kansas, whether in the original plat thereof or in any subsequent numbered plat thereof. Every owner of a fee simple interest to a whole lot shall be a member and shall be entitled to one vote for each lot. Such ownership and payment of the annual assessments shall be the only qualification for membership. If ownership is by a corporation or other entity other than an individual, such corporation or persons who are authorized to cast its votes and the number of votes each person is authorized to cast. The interest of any member cannot be assigned, mortgaged, or otherwise transferred in any manner except as appurtenant to the ownership of each lot. The Developer and incorporator, Horizon Partners, shall have one hundred (100) votes for each lot owned by it.

3. *Management of Association.* The affairs of the Association shall be managed by a Board of Directors which will consist of five (5) directors, each of whom shall be a member of the Association. The Directors shall hold an annual meeting each year immediately following the annual meeting of members.

(a) Election. The election of Board members shall take place at each annual meeting of the members of the Association.

(b) Term. The directors of the Association shall be elected annually by the members and each shall hold office for one (1) year or until his or her successor is duly elected and qualified. Any Director may be removed from office, at any time with or with cause, by vote of the members of the Association. Any Director may resign at any time by giving written notice to the President and Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. A vacancy in the board of Directors may be filled by the remaining Directors at a regular or special meeting. The Director appointed to

such vacancy shall serve for the remainder of the term of the Director he or she replaces.

(c) Regular Meeting. Regular meetings of the Directors may be held without notice at such place and time as may be fixed from time to time by resolution of the Directors.

(d) Special Meetings. Special meetings of the directors may be called at any time by the President or upon written request of a majority of the Directors who are entitled to vote, or by the Developer until such time as the Developer has sold all of the lots in the subdivision.

(e) Notice of Special Meetings. Written notice of any special meeting of the Directors shall be given by the Secretary of the Association by mailing a copy of such notice, postage prepaid, at least 5 days before such special meeting to each Director entitled to vote, addressed to the Director's address last appearing on the books of the Association. The notice shall specify the place, date and hour of the meeting and the subject(s) to be presented and the proposed business to be transacted at such special meeting.

(f) Quorum. The presence of a majority of the directors entitled to vote, in person or by telephone conference call, shall constitute a quorum for any action except as otherwise provided by the Kansas Corporate Code, the articles of Incorporation, or these Bylaws. If a quorum shall not be present or represented at any meeting, the directors entitled to vote shall have the power to adjourn the meeting from time to time, without further notice until a quorum shall be present or represented.

(g) Voting. Except as otherwise provided in the Bylaws, in the Declaration of Restrictions, the Homes Association Declaration, or by law, a majority of the votes constituting a quorum at any properly held meeting shall be sufficient to authorize any action of the Association.

(h) Compensation. No Director shall receive compensation for serving as a Director of the Association. If authorized by the Association, Directors may be compensated for services provided on behalf to the Association or reimbursed for actual expenses incurred on behalf of the Association.

4. Meetings of Members.

(a) Annual Meeting. The regular annual meeting of the members shall be held on the last Monday of February each year at 7:00 p.m. Written notice of the regular annual meeting shall be given to each member at least 5 days prior thereto.

(b) Regular Meeting. Regular meetings of the members may be held without notice at such place and time as may be fixed from time to time by resolution of the members.

(c) Special Meetings. Special meetings of the members may be called at any time by the President or upon written request of more than 50% of the members who are entitled to vote, or by the Developer until such time as the Developer has sold all of the lots in the subdivision as submitted.

(d) Notice of Special Meetings. Written notice of any special meeting of the members shall be given by the Secretary of the Association by mailing a copy of such notice, postage prepaid, at least 5 days before such special meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association. The notice shall specify the place, date and hour of the meeting and the subject(s) to be presented and the proposed business to be transacted at such special meeting.

(e) Quorum. More than 50% of all of the votes of members entitled to vote, represented in person or by proxy, shall constitute a quorum for any action except as otherwise provided by the Kansas Corporate Code, the Articles of Incorporation, or these Bylaws. If a quorum shall not be present or represented at any meeting, the members entitled to vote shall have the power to adjourn the meeting from time to time, without further notice until a quorum shall be present or represented.

(f) Voting. Except as otherwise provided in these Bylaws, in the Declaration of Restrictions, the Homes Association Declaration, or by law, a majority of the votes constituting a quorum at any properly held meeting shall be sufficient to authorize any action of the Association.

(g) Proxies. At all special, regular or annual meetings of the members a member may vote in person or by proxy executed in writing by such member. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. Said proxy shall be valid for twelve months from the date of its execution or until sooner revoked in writing filed with the Secretary.

(h) Compensation. No member shall receive compensation for serving as a member or the Association. If authorized by the Association, members may be compensated for services provided on behalf to the Association or reimbursed for actual expenses incurred on behalf of the Association.

5. Powers. The Association shall have the powers and authority vested to it and limited by the corporation laws of the State of Kansas, the Declaration of Restrictions, Homes Association Declaration, and the Articles of Incorporation.

6. Duties. The Association shall have the power and duty to operate, manage and maintain the common areas and facilities, and any dedicated landscape easement in accordance with the bylaws, the Declaration of Restrictions, Homes Association Declaration and the Articles of Incorporation. Such powers and duties shall include but not be limited to the following:

(a) Enforcing of all restrictions and assessment provisions set out in the Bylaws and the Declaration of Restrictions, and establishing penalties for infractions which may include fines assessed and collected in the same manner as assessments for common expenses.

(b) Adopting and publishing rules and regulations governing the common areas and dedicated landscape easements as shown on the plats of the Hillcrest Farms Subdivision and establishing penalties for any infractions which may include fines assessed and collected in the same manner as assessments for common expenses.

(c) Employing and supervising a manager, an independent contractor, or such other employees that the members shall deem necessary to exercise its powers and perform its duties.

(d) Keeping or causing to be kept reasonable records of its acts for the benefits of all of the members.

(e) Fixing the amount and manner of payment of any fees, charges or assessments and sending written notice of each fee or charge to owners and mortgagees subject thereto.

(f) Foreclosing the lien against any lot for which any fees or charges are not paid.

(g) Establishing a system for accounting for common expenses and income

according to generally accepted accounting principles and establishing regular accounting periods pursuant to said system.

(h) Issuing or causing to be issued, a certificate stating whether any fees or charges have been paid or remain unpaid.

(i) Causing all officers, managers or employees having fiscal responsibilities to be bonded.

7. Officers.

(a) Description of Officers. The officers of the Association shall be a President, Vice President, Secretary, Treasurer, and such other Officers as the Directors may, from time to time, deem necessary. Each officer shall also be a Director of the Association.

(b) Election. The election of Officers shall take place at each annual meeting of the members.

(c) Term. The Officers of the Association shall be elected annually by the members and each shall hold office for one (1) year or until his or her successor is duly elected and qualified. Any Officer may be removed from office, at any time, with or without cause, by vote of the members. Any Officer may resign at any time by giving written notice to the President and the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. A vacancy in any office may be filled by the Directors at a regular or special meeting. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

(d) Multiple Offices. The Office of Vice President may be held by the same Officer holding the Office of Secretary or Treasurer, and the Offices of Secretary and Treasurer may be held by the same person. However, no person shall simultaneously hold more than two Offices.

(e) Duties. Duties of Officers are:

(1) President: The President shall preside at all meetings of the Directors and members; shall see that orders and resolutions of the Directors and members are carried out; and shall sign all contracts, leases, mortgages, deeds of trust, deeds and other written instruments applicable to real or personal property of the Association when authorized by the Association.

(2) Vice President: The Vice President shall act in the place of the President in the event of his or her absence, inability or refusal to act and shall exercise and discharge such other duties as may be determined from time to time by resolution of the Association.

(3) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the members; keep the corporate seal of the Association, if any, and affix it to all documents requiring the seal; serve notice of meetings of the Directors or members, keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as may be determined by the Association.

(4) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts in the name of the association all monies of the Association; shall disburse such funds as directed by resolution of the Association; shall keep or cause to be kept proper books of account; may cause an annual audit of the Association's books of account to be made, internally or by a certified public accountant, at the completion of each fiscal year; and shall prepare an annual budget and statement of income to be made, internally or by a certified public accountant, at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting concerning estimated assessments to provide funds to the Association for all services as provided by the Declaration.

The Officers shall, in addition, have such other duties as are prescribed by law.

8. Annual Assessments.

(a) Purpose. The assessments levied by the Association shall be used exclusively to enable the Association to exercise the powers, maintain the improvements and render the services provided for in these Bylaws, the Association's Articles of Incorporation, the Homes Association Declaration and Declaration of Restrictions.

(b) Penalty for Late Payment of Annual Assessment. In addition to those provisions of the Homes Association Declaration regarding the creation and enforcement of liens for delinquent assessments, the Board of Directors shall have the power to enforce the following penalties for delinquent assessments.

- (1) For assessments remaining unpaid for thirty (30) days after due, a \$15 Administrative Fee shall be levied;
- (2) For assessments remaining unpaid for ninety (60) days after due, an additional Administrative Fee of \$25 shall be levied;
- (3) For assessments remaining unpaid for ninety (90) days or more, the Board of directors shall pursue the creation and enforcement of a lien against the real estate subject to the delinquent assessment.

9. Books and Records. The books, records and papers of the Association shall at all times, during reasonable hours and by prior appointment, be subject to inspection by any member. The Articles of Incorporation, the Bylaws and any Rules and Regulations of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

10. Indemnification of Officers and Agents. The corporation shall indemnify any person who was or is party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was an officer, director, employee or agent of the Association or is or was serving at the request of the Association as a trustee, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of *nolo contendere*, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful.

The Association shall have authority to indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that he is or was an officer, employee or agent of the Association, or is or was serving at the request of the corporation as a trustee, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such persons shall have been adjudged to be liable for the negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

To the extent that an officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, he shall be indemnified against

expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Membership in the specific case, upon receipt of an undertaking by or on behalf of the officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement or vote of disinterested members or otherwise, as to action in their official capacity while holding such office; and shall continue as to a person who has ceased to be a member, officer, employee or agent, and shall inure to the benefit of his heirs, executors and administrators.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a member, officer, employee or agent of the Association, or is or was serving at the request of the Association as a trustee, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against any liability under the provisions of this Article.

11. Use Restrictions. In addition to those imposed by law and in the Declaration of Restrictions, ownership of common areas and use of landscape easements designated on the plats of Hillcrest Farm Subdivision shall be subject to the following use restrictions and architectural control:

(a) Signs. Except as may be required by legal proceedings, no "For Sale" or "For Rent" signs or advertising posters of any kind shall be maintained or permitted on any portion of the common area or landscape easements without the express prior written consent of the Association as to the type, size, design and location thereof, provided, however, that the foregoing restrictions shall not apply to the Developer.

(b) Lighting Restrictions. No light bulbs of higher intensity or of a different color than those installed by the Developer shall be installed in existing exterior light fixtures without written consent of the Association. No flashing lights or unusually bright lights shall be installed.

(c) Nuisances. No nuisances will be allowed upon the property nor any use or practice that is the source of annoyance to owners and occupants or which interferes with the peaceful possession and proper use of the property by owners or occupants. All parts of the common areas and landscape easements will be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist.

(d) Fences/Structures. No fence or other structure shall be built or approved upon any common area or landscape easement without the prior written consent of the Association and City of Shawnee, Kansas.

12. Waiver of Use Restrictions and Architectural Control. The written approval of the Association or City of Shawnee, Kansas required in the various subsections of Section 11 of these Bylaws for the variance of use restrictions must contain a full description of what is being approved, and it must in the case of the Association be approved by a unanimous vote of the Directors or a vote of 75% or more of all owner votes and signed by the Officers of the Association who are authorized to sign on behalf of the Association, and in the case of the City, must be approved in such a manner as is required by law. Any change mad pursuant to such written approval shall be done strictly in compliance with said approval. Approval shall apply only to the structure or improvement described in said approval and shall not be considered an amendment to these Bylaws.

13. Mailboxes. For those lots currently receiving mail delivery from the U.S. Postal Service to a curbside box, and for any lots that may receive such service in the future, the curbside mailbox utilized for such delivery shall be a standard mailbox which complies with ant and all requirements of the U.S. Postal Service, and shall be of uniform color and style to be consistent with all other curbside boxes. No subsequent modifications shall be made after installation of any curbside box to include painting, lettering or other physical modification.

The Board of Directors shall have the power and authority to direct the U.S. Postal Service to change its method of delivery of mail to the various lots, whether in the original plat or in any subsequently added plat, within the Hillcrest Farm subdivision to either a curbside box or neighborhood lockbox method of delivery.

14. Amendment. The use restrictions set out in Subsections (a) through (d) of Section 11 of these Bylaws may be amended only by a unanimous vote of the members of the Association and where the approval of the City of Shawnee is required, only with such approval. Except as otherwise provided in these Bylaws, the Declaration of Restrictions, Homes Association Declaration, or by law, these Bylaws may be amended at a regular or special meeting of the members by a majority vote of a quorum present in person or by proxy; provided, however, that no amendment shall be mad to change a requirement of a number of votes for voting or consent which is greater that the number of votes in favor of such amendment.

IN WITNESS WHEREOF, the undersigned, being the elected President and Secretary of the Association, hereby certify that the above and foregoing Bylaws of the Association were approved by vote of the membership at a meeting properly called and held this 30th day of June, 1998.

President

Secretary