

**FIRST AMENDED BYLAWS
OF
HIGHLAND RIDGE HOMES ASSOCIATION**

1. Name of Corporation and Principal Office. The name of the corporation is HIGHLAND RIDGE HOMES ASSOCIATION, hereinafter referred to as "Association." The Association has been, or will be, incorporated as a corporation organized not for profit under the laws of Kansas. The Association shall be responsible for the protection, improvement, alteration, maintenance, repair, replacement, administration, and operation of the community, including taking such action as is necessary for the assessment of expenses, payment of losses, disposition of casualty insurance proceeds (if any), and other matters as provided in the Declaration of Restrictions, the Homes Association Declaration, the Articles of Incorporation of the Association, the Bylaws of the Association, and the Rules or Design Standards adopted by the Association. The principal office of this corporation shall be located at the residence of the secretary, in 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 HIGHLAND RIDGE and ESTATES OF HIGHLAND RIDGE subdivisions 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 other entity shall give the Association written notice of the name and title of the person 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, HIGHLAND RIDGE DEVELOPMENT CO., L.L.C., shall have one hundred (100) votes for each lot owned by it.

3. Management of Association. The affairs of the Association shall be conducted by the Board as herein provided and in accordance with the Articles of Incorporation and the Bylaws of the Association. Except for Directors elected by the Developer as provided for in the Declaration of Restrictions, the Homes Association Declaration, or the Articles of Incorporation of the Association, each Director shall be an Association member. Until the first annual meeting, the sole Director shall be Tim J. Hoelting. The Directors shall hold an annual meeting each year immediately following the annual meeting of members,

3.1. 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.

3.2. Special Meeting. 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.

3.3. 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 five (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.

3.4. 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 corporation laws of the State of Kansas, 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,

3.5. 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.

3.6. 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 of the Association or reimbursed for actual expenses incurred on behalf of the Association.

3.7. Association Rules. In order to be able to address specific matters relating to the administration, operation and development of, or other matters relating to, the Community, the Board shall be empowered to adopt, amend, or repeal such rules and regulations as it deems reasonable and appropriate (the "Rules"). The Rules may include the establishment of a system of fines and penalties enforceable as special assessments or otherwise. The Rules shall not be inconsistent with the terms of these Bylaws. The Rules may not unreasonably or unlawfully discriminate among Association members. The Rules shall have the same force and effect as if they were set forth in and were part of these Bylaws and shall be binding on the owners and Association members and all other persons having any interest in, or making any use of, the Association, whether or not actually received thereby. The rules, as adopted, amended, or repealed, shall be available at the principal office of the Association to each owner, Association member, or other person entitled thereto, upon request and payment of a reasonable fee for the copying thereof. To the extent of any conflict between a provision of the Rules and any provisions of these Bylaws, the provisions of the Rules shall be superseded.

3.8. Non-Liability of Officials. To the fullest extent permitted by law, neither the Developer, the Association President, any Directors or officers of the Association, any Architectural Control Committee member, nor any other members or committees of the Association shall be liable to any Association member or any owner, occupant, or other person for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, inaction, omission, error, or negligence, made in good faith and believed to be within the scope of his duties.

3.9. Developer's Control of the Association. Notwithstanding anything in this Section or elsewhere in these Bylaws to the contrary, the Developer shall maintain absolute

and exclusive control over the Association and the Architectural Control Committee (ACC), including appointment and removal of the President and all other officers of the Association, all members of the Board of Directors and all members of the ACC, until the Developer owns no lots or land in the Community (as it exists from time to time). Until such time, only the Developer will be entitled to cast any votes with respect to the election and removal of Association officers or Directors and members of the ACC, or any other matter requiring the vote or approval of Association members. The Developer voluntarily may (but shall not be required to) at any time relinquish all or any part of the Developer's control and rights under this Section by written assignment without affecting any rights of control not relinquished.

4. **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. Specifically, and not in limitation of an general powers which the Association may have, the Association shall have the power to exercise architectural control of improvements in the subdivision.

5. **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, and Homes Association Declaration. Such powers and duties shall include but not be limited to the following:

5.1. **Enforcement.** Enforcing of all restrictions set out in these 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.

5.2. **Collection.** Collecting assessments for improvement and maintenance of common areas and Common Expenses. "Common Expenses" means the costs incurred by the Association in conducting activities for which the Association is responsible pursuant to the terms hereof. Common expenses shall include, but not be limited to, the following:

(a) the cost of maintenance, management, operating, repair, and replacement of all areas and facilities within the community that are owned, maintained or operated by the Association, including utilities provided directly to the Association;

(b) the cost of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, superintendents, attorneys and employees;

(c) taxes of any nature owing by the Association and the cost of any insurance maintained by the Association;

(d) reasonable reserves for contingencies, replacements, and other proper purposes as deemed appropriate by the Association; and

(e) the costs of any other item or items to be provided or performed by the Association pursuant to these Bylaws or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

5.3. **Rules.** Adopting and publishing rules and regulations governing the common areas and dedicated landscape easements as shown by the plats of the HIGHLAND RIDGE and ESTATES OF HIGHLAND RIDGE subdivisions and establishing penalties for any infractions which may include fines assessed and collected in the same manner as assessments for common expenses.

5.4. Employment. 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.

5.5. Records. Keeping or causing to be kept reasonable records of its acts for the benefit of all of the members.

5.6. Payments. 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.

5.7. Foreclosure. Foreclosing the lien against any lot for which any fees or charges are not paid.

5.8. Accounting. 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.

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

5.10. Bonds. Causing all officers, managers or employees having fiscal responsibilities to be bonded.

6. **Officers.**

6.1. 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.

6.2. Election. The election of officers shall take place at each annual meeting of the Directors.

6.3. Term. The officers of the Association shall be elected annually by the Directors and each shall hold office for one (1) year or until his 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.

6.4. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. Except for the initial Director, Tim J. Hoelting, no person shall simultaneously hold more than one of the other offices.

6.5. Duties. Duties of officers are:

(a) 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 leases, mortgages, deeds of trust, deeds and other written instruments applicable to real or personal property of the Association when authorized by the Association.

(b) Vice President. The Vice President shall act in the place of the President in the event of his 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.

(c) 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.

(d) 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 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.

6.6. Additional Duties Imposed by Law. The officers shall, in addition, have such other duties as are prescribed by law.

7. Meetings of Members.

7.1. Annual Meeting. The first annual meeting of the members shall be held not later than the first Saturday in June of 2004 and each subsequent regular annual meeting of the members shall be held on the first Saturday of June each year thereafter, at 2:00 p.m. The exact first annual meeting date shall be determined by the initial Director, and written notice given each member at least ten (10) days prior thereto, No notice need be given of the regular annual meeting thereafter.

7.2. 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.

7.3. Special Meeting. 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.

7.4. Notice of Special Meeting. 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 five (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.

7.5. 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 corporation laws of the State of Kansas, 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.

7.6. 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.

7.7. Proxies. At all special or regular 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 corporation 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.

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

8. **Architectural Control Committee**. The Association shall have an Architectural Control Committee ("ACC") consisting of not less than three nor more than seven persons, as specified from time to time by the Developer during periods in which the Developer has the right to appoint the members of the Architectural Control Committee. Thereafter, members of the Architectural Control Committee shall be appointed by the Board of the Association. The Architectural Control Committee shall be empowered to utilize professional consultants as may be approved by the Board.

9. **Creation of Lien and Personal Obligation**. Each owner, by acceptance of a deed or other conveyance of an interest in a lot, is deemed to personally covenant and agree to pay all assessments. The assessments together with interest thereon, late charges, attorneys' fees, and court costs, and other costs of collection thereof, as provided herein, shall be a continuing lien upon the owner's lot against which the assessments are made. The personal obligation for delinquent payments shall not pass to an owner's successor unless expressly assumed by him. If an owner shall consist of more than one person, the obligations of the owner for the payment of assessments on such owner's lot shall be joint and several.

10. **Assessments**.

10.1. Purpose of Assessments. Except as otherwise herein set forth, the assessments levied by the Association shall be used: (i) to promote the health, safety, and welfare of owners; (b) to enhance the value of the Community; (c) to pay the costs of administration of the Association; (d) to pay all other Common Expenses and/or (e) to otherwise further the interests of the Community.

10.2. Regular Assessments.

(a) Except as otherwise specifically provided herein, payment of regular assessments shall be in such amounts and at such times as may be determined by the Association.

(b) Not later than 60 days prior to the beginning of each fiscal year of the Association, the Association shall make available for review by each owner at the Association's office, during reasonable times, a *pro forma* operating statement or budget for the upcoming fiscal year, approved by the Board, estimating the total Common Expenses to be incurred by such Association for such fiscal year, The operating statement or budget shall also set forth the amount of the regular

assessment to be paid by each owner and the Association shall notify each owner thereof Each owner shall thereafter pay to the Association the entire regular assessment as so determined on or before the beginning of the Association's fiscal year, which date shall be set forth in the written notice sent to owners.

(c) If the Association subsequently determines that the total regular assessments for the current year are, or will become, inadequate to meet all Common Expenses for whatever reason, the Association President shall then immediately determine the approximate amount of such inadequacy and, with the approval of the Board, issue a supplemental estimate of the Common Expenses and determine the revised amount of the regular assessment to be paid by each owner for the balance of the year, and the date or dates due. Each owner shall be notified of the additional amount required to be paid and the due date of such payment, and each owner shall pay the additional amount when due. If the total regular assessments for a current year exceed the actual Common Expenses, the Association may, at the discretion of the Board, retain such excess as additional working capital or reserves, or reduce the amount of the regular assessments for the next fiscal year.

10.3. Special Assessments. Special assessments shall be levied by the Association against an owner for:

(a) Costs incurred in bringing an owner or his lot into compliance with the provisions of these Bylaws, the Association Articles, or the Rules;

(b) Fines levied or fixed by the Board as provided herein;

(c) Attorneys' fees, interest, and other costs or charges provided to be paid as, or which are incurred in connection with, a special assessment in accordance with these Bylaws or the Rules; and/or

(d) Any other charge designated as a special assessment in these Bylaws, the Declaration or the Rules.

10.4. Exempt Property. All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the assessments provided herein.

10.5. Date of Commencement of Regular Assessments. The regular assessments shall commence as to an owner on the date when the residence is first occupied, and shall be prorated based upon a 365 day year and measured from the date the owner has the right of possession.

10.6. Time and Manner of Payment; Late Charges and Interest. If an assessment is not paid within thirty (30) days after its due date, each such assessment shall have added to it a late charge equal to 10% of the amount of assessment and thereafter bear interest at the Kansas judgment rate of interest until paid. The Board may, in its discretion, waive any late charge and/or interest in any instance without prejudice to other instances. A delinquent owner shall, to the extent allowed by law, be liable for attorneys' fees and other related costs incurred by the Association as a result of such delinquency.

10.7. No Offsets. All assessments shall be payable in the amount specified in the assessment or notice of assessment and no offsets against such amount shall be permitted for any reason.

10.8. Homestead Waiver. Each owner, to the extent permitted by law, hereby waives, to the extent of any liens created pursuant to these Bylaws or documentation

associated herewith, the benefit of any redemption, homestead or exemption laws of the State of Kansas now in effect, or in effect from time to time hereafter.

10.9. Reserves. The responsibility of the Board shall be only to provide for such reserves as such Board in good faith deems reasonable, and neither the Developer, the Board nor any member thereof shall have any liability to the Association, any owner, or Association member, with regard to the adequacy of such reserves.

10.10. Enforcement of Lien. Any lien provided for in these Bylaws may be foreclosed by the Association in any manner provided, or permitted, for the foreclosure of real property mortgages or homes association liens in the State of Kansas.

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

12. **Indemnification of Officers, Directors and Agents**.

12.1 Indemnification. The Association shall indemnify any person who was or is a 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, member of a committee including the Architectural Control Committee, 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 judgment, 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.

12.2. Authority. 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 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.

12.3. Expenses of Individual. 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.

12.4. Expenses of Association. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association 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, Director, member of a committee including the Architectural Control Committee, 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.

12.5. Not Exclusive. 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.

12.6. Insurance. 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 who 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 Section,

13. **Insurance.**

13.1. Authority to Purchase. The Association shall purchase and maintain such insurance, and in such types and amounts, as its board shall determine from time to time. Such policies, and endorsements thereon, or copies thereof, shall be deposited with the Association and shall be available to the Association members for inspection upon reasonable request.

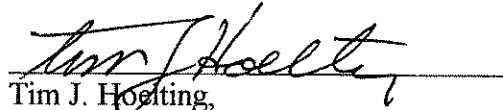
13.2. Non-Liability of Association/Board/President. Anything in these Bylaws to the contrary notwithstanding, neither the Association nor any member of its Board nor any officer of the Association nor the Developer shall be liable to any owner or Association member or other person if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the owner may desire.

14. **Right of Access.** An authorized representative of the Association and all contractors, repairmen or other agents employed or engaged by the Association, shall be entitled to reasonable access to each of the lots as may be required to perform any of the Association's responsibilities hereunder.

15. **Use Restrictions.** In addition to those imposed by law, ownership of common areas and use of landscape easements designated on the plats of HIGHLAND RIDGE and ESTATES OF HIGHLAND RIDGE subdivisions shall be subject to the use restrictions and architectural control contained in the respective Declaration of Restrictions recorded for the HIGHLAND RIDGE and ESTATES OF HIGHLAND RIDGE subdivisions.

16. **Amendment.** 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 made to change a requirement of a number of votes for voting or consent which is greater than the number of votes in favor of such amendment.

IN WITNESS WHEREOF, the undersigned, being the sole Director of the Association, hereby approves the above and foregoing as the Bylaws of the Association, this 29 day of april, 2003.



Tim J. Hoelting,
Initial Director