

By-Laws of  
CARRIAGE HILL 7-9 HOME ASSOCIATION, INC.

A Not for Profit Corporation  
Organized under the Laws of the State of Missouri

ARTICLE I

Purpose

The purpose of this corporation is to unite the property owners in Plats 7 thru 9 and Plat 3 of a land known as Carriage Hill located in the City of Gladstone, Clay County, Missouri; to encourage civic improvements in Plats 7 thru 9 and 3; to promote community activities and interest in the subdivision and vicinity; to enforce and supervise any and all restrictions and covenants now or which may hereafter run with the land in Plats 7 thru 9 and 3; to administer dues mandated by covenants in Plats 7 thru 9 and 3; to provide a forum for all homeowners in Plats 7 thru 9 and 3; and to carry out any service or benefit authorized by the Board of Directors, as well as anything in furtherance of the interest of this corporation not contrary to law, the Articles or By-Laws.

ARTICLE II

Definitions

SECTION 1.

"ASSOCIATION" shall be defined as CARRIAGE HILL 7-9 Home Association, Inc., a not for profit corporation organized and existing under the laws of the State of Missouri.

SECTION 2.

"DISTRICT" shall be defined as all of the lots in Plats 7 thru 9 and Plat 3 of the Carriage Hill subdivision in Clay County, Missouri.

SECTION 3.

"IMPROVED PROPERTY" shall be defined as a single tract under a single ownership and use, and on which tract a residence has been erected or is in the process of erection, or which any other building not in violation of the restrictions then of record thereon is erected or in the process of erection. Any other land shall be deemed to be vacant and unimproved.

SECTION 4.

"PUBLIC PLACE" shall be defined as all streets, park areas, swimming pool, service areas and other common areas, and all similar places the use of which is dedicated to or set aside for the use of the general public, or limited to the general use of all of the owners within the district, or which may, with appropriate consent, be used by all of the owners within the district.

SECTION 5.

"OWNERS" shall be defined as those persons or corporations who may from time to time own the land within the district, including co-tenants, joint ventures, tenants by the entirety or other owners of undivided interests. The term shall also include purchasers under a recorded Contract for Deed, but shall not include mortgagees or other holders of any security interest.

SECTION 6.

"MEMBER" shall be defined as every owner of a lot within the district, and such membership shall be appurtenant to and not separated from the ownership of any lot or interest therein. However, there shall be one vote per "lot" in accordance with Article V, Section 7.

SECTION 7.

"LOT" shall be defined as that area within the district which pertains to the single dwelling units under single ownership. Generally such "Lots" will be synonymous with the lots as platted in the subdivision of Carriage Hill Plats 7 thru 9 and Plat 3, but in the event that property lines are other than along platted lot lines, the property lines shall control in determining the extent and location of the "Lot" for purposes of these By-Laws.

SECTION 8.

"NOTICE" shall be defined as a written notification of the date, time, place and purpose of a meeting. Notice for Annual Meeting shall be deemed delivered when deposited in the United States mail addressed to the registered address of the Member or Director with postage prepaid unless otherwise specified in these By-Laws. Notice for regular Board Meetings shall be deemed delivered when either deposited in the United States mail addressed to the registered address of the Member or Director with postage prepaid unless otherwise specified in these By-Laws or emailed to the registered address of the Member or Director or delivered to the door or convenient repository on the premise of the registered member or Director.

SECTION 9.

"DECLARATION" shall be defined as the Homes Association Declarations of Covenants filed in the Office of the Clay County Recorder of Deeds pertaining to Plats 7 thru 9 and to the Restrictions filed thereat pertaining to Plat 3 of the Carriage Hill subdivision.

SECTION 10

"DEVELOPER" shall be defined as J.A. Peterson Enterprises, Inc., a Missouri corporation, or its related entities, which are the developers of the Carriage Hill subdivision.

### ARTICLE III

#### Office of the Corporation

The principal office for the transaction of the business of the Corporation is hereby located at the home of the corporation's registered agent, who shall at all times be a resident of Carriage Hill Plats 7 thru 9 or Plat 3. The Board of Directors is hereby granted full power and authority to change the principal office from one location to another.

### ARTICLE IV

#### Membership

##### SECTION 1.

Every "Owner" of a "Lot" included within the "District" subject to all of the terms and provisions of the "Declaration" shall be a "Member" of the "Association," and no "Owner" shall be permitted or allowed to disclaim said membership and the duties, obligations and benefits thereof nor withdraw from the "Association" for any reason; provided, that the foregoing is not intended to include persons or entities who hold an interest in a "Lot" or "Lots" merely as security for the performance of an obligation. The "Association" shall be the sole judge of the qualifications under this Section of its members and of their rights to participate in its meetings and proceedings.

Every "Owner" who leases their premises shall include in their lease agreement a clause which binds the tenant to the duties and obligations of the "Owner" to the "Association" even though such tenant shall not be considered a member of the "Association."

##### SECTION 2.

The exercise of the rights of membership are subject to the payment of annual and special assessments levied by the "Association," the obligation of which assessments are imposed against each "Lot". Such assessments shall become a lien on the property against which such assessments are made as provided by Article II and Article III, Section I of the "Declaration" to which the "District" is subject.

##### SECTION 3.

The membership rights, including but not limited to voting rights and the use and enjoyment of any "Public Place", of any person whose interest in the "District" is subject to assessments under Article IV, Section 2 above of these By-Laws may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his/her rights and privileges shall be automatically restored. The Directors may adopt and publish rules and regulations governing the use of any "Public Place", and the personal conduct of any person thereon, and in the event of violation or breach of such rules and regulations the Directors

may, in their discretion, suspend the rights of any such person for violation of such rules or regulations, such suspension period not to exceed thirty (30) days.

## ARTICLE V

### Membership Meetings

#### SECTION 1.

ANNUAL MEETING - The annual meeting of the members shall be during the first quarter of the fiscal year on a date at an evening hour in a location all of which shall be designated by the Board of Directors annually. If the day of the annual meeting of the members shall fall upon a holiday, the meeting shall be held the first day following which is not a holiday. The purpose of this meeting will be to elect the directors of the "Association" and transact such other business as may properly be brought before the meeting.

#### SECTION 2.

SPECIAL MEETINGS - Special meetings of the members may be called at any time by the Board of Directors or holders of not less than twenty percent (20%) of the qualified votes of the "Association". When such votes desire to call a special meeting for any purpose, they shall make written application to the Secretary of the Association at least twenty (20) days prior to the date of the proposed special meeting. The application must include the signatures, names and addresses of the voting members who are calling the meeting and it must state the date, hour, place and purpose of the meeting. The Secretary shall thereupon call the meeting and issue notice as provided in Section 4 below.

#### SECTION 3.

CONDUCT OF BUSINESS - The order of business at any meeting of the Association shall be as follows:

- A. Reading and execution of any notice or preliminary matter.
- B. Roll call of the Directors.
- C. Reading of the minutes of the prior meeting.
- D. Report of Officers or Directors.
- E. Report of any committee.
- F. Old business.
- G. Elections, when a part of the agenda.
- H. New business.
- I. For the good of the Corporation.

J. Adjournment.

SECTION 4.

NOTICE OF MEETINGS - Notice of the annual meeting and any special meetings of the membership shall be required. Each member shall register with the Corporation his mailing address, and it shall be the obligation of each member to notify the corporation in writing of any change of address so that the address registration of each member shall be maintained at all times. Unless otherwise specified in these By-Laws, any notices required to be sent to members shall be mailed not less than ten (10) days and no more than thirty (30) days before the date of any membership meeting or event which is the subject matter of such notice, and notices shall be mailed to the last registered address of each member. After mailing, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Registered member or "Current Occupant" with postage prepaid. Notice for regular Board Meetings shall be deemed delivered when either deposited in the United States mail addressed to the registered address of the Member or Director with postage prepaid unless otherwise specified in these By-Laws or emailed to the registered address of the Member or Director or delivered to the door or convenient repository on the premise of the registered member or Director.

SECTION 5.

WAIVER OF NOTICE - Any notice required by these By-Laws may be waived by the persons entitled thereto by signing a waiver of notice before or after the time of said meeting and such waiver shall be deemed equivalent to giving of said notice. Attendance by a member without objection to the notice, whether in person or by proxy, at a meeting shall constitute a waiver of notice of the meeting.

SECTION 6.

QUORUM - Fifteen of the total votes of the membership entitled to vote at any meeting, represented in person or by proxy, shall constitute a quorum at a meeting of the membership, but less than such quorum shall have the obligation successively to adjourn the meeting to a specified date not longer than thirty (30) days after such adjournment and notice shall be given of such adjournment, as in the case of any membership meeting, to those members not present at the meeting. Every decision of a majority of such quorum shall be valid as a corporate act unless a larger vote is required by these By-Laws or by the laws of the State of Missouri or the United States.

SECTION 7.

PROXIES - At all annual and special membership meetings, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the time for voting on any motion or resolution. No proxy shall extend beyond a period of eleven (11) months from the date of the filing of the proxy with the Secretary. Every proxy shall

automatically expire upon sale by the member of his interest in the real estate, other form of termination of membership, or suspension of voting rights. The form of written proxy shall be determined by the Board of Directors.

SECTION 8.

VOTING - The "owners" of all interests, in the aggregate, in one "lot" shall be entitled to only one vote at any annual or special meeting of the membership per issue to be voted on provided those voting rights have not been suspended by action of the Board of Directors as outlined in Article IV, Section 3 above. In no event shall more than one vote be cast with respect to any one "lot".

In all elections for Directors, the "owners" of all interests, in the aggregate, in one "lot" shall have the right to cast as many votes in the aggregate as equals the number of "lots" owned multiplied by the number of Directors to be elected at such election, and the representative for each "lot" may cast the whole number of votes, either in person or by proxy, for one candidate or distribute them among two or more candidates.

ARTICLE VI

Board of Directors

SECTION 1.

At the expiration of the terms of the elected Directors, their replacements shall be elected for terms of two (2) years at the annual meetings of the "Association". The replacements elected must allow the Board to continue to meet the requirement that each plat be represented by a Director who is a resident of that plat or the replacement with the lowest number of votes will be disqualified and the candidate residing in the unrepresented plat receiving the highest number of votes will become a replacement. In the event that the unrepresented plat has no residents that receive votes, then there will be a run-off election among the candidates from that plat and the candidate receiving the highest number of votes in this run-off election shall be deemed to be the replacement Director elected. The number, composition and term of the Directors for the "Association" may be changed by a vote of not less than two-thirds (2/3) of the votes cast at any annual meeting or at any special meeting called for such purpose, and enacting such amendment to these By-Laws, provided that the number of Directors shall always be an odd number.

SECTION 2.

NOMINATION - Nominations for the Board of Directors shall be made by a nominating committee which shall be one of the standing committees of the "Association". The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors and at least two (2) other members of the "Association". The nominating committee shall be appointed by the

Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as they shall receive from the membership or make themselves but not less than the number of vacancies that are to be filled. Nominations may also be made from the floor at the annual meeting of the membership. Such nominations must be made from among members of the "Association". All nominees must have accepted their nomination in writing prior to the vote for Directors for which they were nominated. The nominations for the initial election must include at least one nominee from each plat.

#### SECTION 3.

ELECTION - Election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the members or their proxies may cast as many votes as they are entitled to exercise under the provisions of these By-Laws. A ballot will be prepared including the names, addresses and plat of residence of all nominees. Votes shall be allocated amongst the nominees on this ballot. At a meeting at which an election of a Director or Directors is held, the Secretary, with assistants appointed as needed, shall collect and tabulate the ballots and announce the results of such election at the meeting.

#### SECTION 4.

VACANCY AND REPLACEMENT - In the event that any member of the Board of Directors of the "Association" shall be absent from three (3) consecutive meetings of the Board of Directors, the Board may by action taken at the meeting during which the third absence occurs, declare the office of said absent Director to be vacant. A vacancy shall also be declared in the case of the resignation of a member of the Board of Directors. A Director shall be automatically considered to have resigned if the Director's Carriage Hill home is listed for sale. Further, at a special meeting called for by the membership (see Article V, Section 2) expressly for the purpose of removal, the entire Board of Directors may be removed with or without cause by a vote of the members holding a majority of the votes entitled to vote at an election of Directors. If less than the entire Board is to be removed, no one of the directors may be removed unless two-thirds (2/3) of the eligible votes at an election of Directors is cast for removal.

In the event a vacancy comes about through the occurrence of any of the above, the vacancy shall be filled at the next meeting of the Board of Directors. The Board of Directors shall notify the nominating committee of the vacancy and the nominating committee shall then provide at least two nominees for each vacancy, keeping in mind that each plat must be represented by at least one Director that is a resident of that plat. The Board may then vote on the nominees with the nominees receiving the most votes filling the vacancy by becoming a

Director until the next annual meeting of the membership. If this service does not complete the term of the Director who vacated, then at the next annual meeting of the membership, there is to be a special election held by the members, after the regular election of Directors, to elect a person to fill the vacancy for the remaining term. Nominations for any special election shall be made by the nominating committee with additional nominations possible from the floor at the annual meeting.

SECTION 5.

NO COMPENSATION TO DIRECTORS - No Directors shall receive compensation for any service he/she may render to the "Association". However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

SECTION 6.

POWERS AND DUTIES - The Board of Directors shall have power and duties as follows:

- (a) To call special meetings of the members whenever it deems necessary and the obligation to call a special meeting at any time upon proper written request of twenty percent (20%) of the voting membership as provided in Article V, Section 2.
- (b) To appoint and remove at pleasure all Officers, agents and employees of the "Association", describe their duties, fix their compensation, and require of them such security or fidelity bonds as they may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer or director of the Association in any capacity whatsoever, subject to the prohibition against any compensation being paid for services as a Director of the "Association".
- (c) To adopt and publish rules and regulations governing the use of any "public place" or other form of common areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infractions thereof.
- (d) To exercise for the "Association" all powers, duties and authorities vested in or delegated to this "Association", including those referred to in the "Declaration" and the Articles of Incorporation, except that the authority of the Board to assess (exclusive of assessments for trash) shall be limited to \$91 (Ninety-one dollars) per annum with any assessment in excess of that amount (exclusive of assessments for trash) to require approval of the membership prior to the assessment being made.

In the event an assessment is proposed that would exceed the above limitation, a special meeting will be called by the Board of Directors. Further, a ballot will be mailed to all registered owners in an attempt to provide them the opportunity to vote. The assessment will be deemed approved if sixty percent (60%) of the votes cast are in favor of the assessment or if greater than



fifty percent (50%) of the total eligible votes to be cast are in favor of the assessment.

- (e) To cause to be kept a complete record of all of its accounts, acts and corporate affairs, and to present a statement thereof to the members at the annual meeting of the membership or at any special meeting when such are involved in the subject matter under consideration at such special meeting.
- (f) To prepare and maintain a roster of the ownerships of "lots" within the district and the assessments applicable thereto, which records shall be kept in the Office of the "Association" and shall be open to inspection to any member and to send written notice of each assessment to every "owner" subject thereto at least thirty (30) days prior to the due date or dates.
- (g) To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.
- (h) To carry out and enforce all of the duties and responsibilities of the "Association" as provided in the "Declaration".

#### SECTION 7.

##### DIRECTORS MEETINGS -

- (a) Regular meetings of the Board of Directors shall be held at least quarterly on a day, time and place agreed upon by a majority of the Directors. Meetings may be held more frequently if deemed necessary by a majority of the Board of Directors.
- (b) Notice, in writing, of such regular meetings must be provided to each Director at least five (5) days in advance of the meeting. Notice for regular Board Meetings can be mailed through United States mail, emailed to the Member or Director, or delivered to the door or convenient repository on the premise of the registered member or Director.
- (c) Special meetings of the Board of Directors shall be held when called by any two (2) Directors of the Association by giving not less than five (5) days written notice to each Director.
- (d) The transaction of any business at any meeting of the Board of Directors, however called and noticed, duly held after roll call and notice of a quorum is present, and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof shall be deemed an act of the corporation. All such waivers, consents and approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

(e) A majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE VII

Officers and their Duties

SECTION 1.

EMUNERATION OF OFFICES - The officers of this Association shall be a President, Vice President, Secretary, Treasurer and other such officers as the Board may from time to time by resolution create.

SECTION 2.

ELECTION OF OFFICERS - The Officers shall be chosen from the Board of Directors by a majority vote of the Directors, except that the President, other than the initial president, shall have served at least one year as a member of the Board of Directors.

SECTION 3.

TERM - All Officers shall hold office during the pleasure of the Board of Directors, but no Officer may hold such office beyond their term as Director.

SECTION 4.

SPECIAL APPOINTMENTS - The Board may elect such other Officers as the affairs of the Association may require, each of whom shall at all times be members of the Board of Directors, hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

SECTION 5.

RESIGNATION AND REMOVAL - Any Officer may be removed from office with or without cause by majority vote of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later date specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.

VACANCIES - A vacancy in any office may be filled by appointment by a majority of the Board. The Officer appointed to such vacancy shall serve for the remainder of any designated term of the officer he/she replaces or, if no term has been specified, at the pleasure of the Board of Directors.

SECTION 7.

MULTIPLE OFFICES - The offices of Secretary and Treasurer may be held by the same person. Otherwise no person shall hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this

Article.

SECTION 8.

DUTIES - The duties of the Officers are as follows:

- (a) President - The President shall preside at all meetings of the Board of Directors; shall see to it that orders and resolutions of the Board of Directors are carried out; shall sign all notes, leases, mortgages, security agreements, financing statements, deeds and other written instruments.
- (b) Vice President - The Vice President shall perform all duties of the President in the event of the president's absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him/her by the Board.
- (c) Secretary - The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; serve as ex officio secretary of the Board of Directors including the recording of votes and the keeping of minutes of all proceedings in a book kept for that purpose; and shall perform such other duties as required by the Board.
- (d) Treasurer - The Treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board; shall sign all checks and countersign all promissory notes of the Association with all checks over \$2,000 requiring two signatures; and shall keep proper books of account and cause an annual financial statement of the Association's books to be produced at the completion of each fiscal year. The treasurer shall also prepare an annual budget and an annual balance sheet statement and the budget and annual balance sheet shall be presented in writing to the membership at its annual meeting

ARTICLE VIII

Committees

SECTION 1.

The standing committees of the Association shall include but not be limited to the following:

The Nominations Committee

The Beautification Committee

The Architectural Control Committee

The Publicity/Newsletter and Welcoming Committee

The Finance Committee

The Social Committee

Unless otherwise provided herein, each committee shall consist of a chairman and two or more members and shall include a member of the Board of Directors for Board contact. The committee shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at such annual meeting with the appointments announced either at the annual meeting or via a mailing to all households in the Association. The Board of Directors may appoint such other committees as it deems desirable.

SECTION 2.

The Nominations Committee shall have the duties and functions described in Article VI, Section 2.

SECTION 3.

The Beautification Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the "Public Places" or common areas within the "District". It shall watch for any proposals, programs or activities which may adversely affect the residential value of the "District" and shall advise the Board of Directors regarding "Association" action on such matters. This committee will be responsible for attending Gladstone City Council meetings for the above described monitoring purposes.

SECTION 4.

The Architectural Control Committee shall perform those duties, responsibilities and functions imposed by the Declarations of Covenants, Conditions and Restrictions applicable to the "District" which are recorded in the Office of the Clay County Recorder of Deeds, which duties, functions and powers were originally reserved by the "Developer", J.A. Enterprises, Inc. and which may be delegated and assigned to the "Association" by the "Developer".

SECTION 5.

The Publicity/Newsletter and Welcoming Committee shall inform the members of all activities and functions of the "Association" and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the "Association". It shall see that all new members are informed, as soon as practical after their

arrival and occupancy of the existence and purposes of the "Association", as well as its powers, the names of its Officers and Directors, its existing committees and phone numbers for contact.

SECTION 6.

The Finance Committee shall supervise the annual financial statement production of the Association's books and records inclusive of selection and engagement of a certified public accountant, if necessary in the committee's sole judgment; shall prepare and submit an annual budget at the annual meeting of the membership; and shall approve the balance sheet statement to be presented by the treasurer to the membership at the annual meeting.

SECTION 7.

The Social Committee shall be responsible for selecting a community program or programs to be conducted in celebration of the Holidays. The committee will be responsible for the coordination of any material, purchases as approved by the Board of Directors and soliciting of volunteers for the program or programs.

SECTION 8.

With the exception of the Nominations Committee and the Architectural Control Committee, each committee shall have the authority and power to appoint a sub-committee from among its membership and may delegate to any such sub-committee any of its powers, duties and functions.

SECTION 9.

It shall be the duty of each committee to receive complaints from members on any matter involving the "Association" functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or Officer of the "Association" as is further concerned with the matter presented.

ARTICLE IX

Books and Records

The books, records and papers of the "Association" shall at all times, during reasonable business hours, be subject to inspection by any of the members.

ARTICLE X

Indemnification

SECTION 1.

THIRD PARTY ACTIONS - The Corporation 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 proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that he/she is or was a director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her 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/she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful. The right of indemnification herein provided shall not be inclusive of any other rights to which such directors, officers, trustees or employees of the Corporation may be lawfully entitled; and it is specifically intended that all "further indemnity" be provided to the directors, officers, trustees or employees of the Corporation pursuant to the Missouri statutes or as authorized as outlined in Section 4 below.

## SECTION 2.

DERIVATIVE ACTIONS - The Corporation 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 or suit, including all appeals, by or in the Corporation to procure a judgment in its favor by reason of the fact that he/she is or was a director, officer, or employee of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action, suit or proceeding if he/she acted in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Corporation unless and only to the extent that the court in which such action, suit or proceeding 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 such court shall deem proper.

SECTION 3.

RIGHTS AFTER SUCCESSFUL DEFENSE - To the extent that a director, trustee, officer or employee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2, or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.

SECTION 4.

OTHER DETERMINATION OF RIGHTS - Except in a situation governed by Section 3, any indemnification under Section 1 or 2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, trustee, officer or employee is proper in the circumstances because he/she has met the applicable standard of conduct set forth in Section 1 or 2. Such determination shall be made (a) by a majority vote of directors acting at a meeting at which a quorum consisting of directors who were not parties to such action, suit or proceeding is present, or (b) if such a quorum is not obtainable (or even if obtainable), and a majority of disinterested directors so directs, by independent legal counsel (compensated by the Corporation) in a written opinion, or (c) by the affirmative vote in person or by proxy of the holders of a majority of the votes entitled to be cast in the election of directors, without regard to voting power which may thereafter exist upon a default, failure, or other contingency.

SECTION 5.

ADVANCES OF EXPENSES - Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit, or proceeding (including all appeals), or threat thereof, may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors, whether a disinterested quorum exists or not, upon a receipt of any undertaking by or on behalf of the director, trustee, officer, or employee, to repay such amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Corporation.

SECTION 6.

NONEXCLUSIVENESS; HEIRS - The indemnification provided in this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under the Articles, Regulations, any agreement, vote of members, any insurance purchased by the Corporation, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall

continue as to a person who has ceased to be a director, trustee, officer, or employee and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such a person.

SECTION 7.

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

ARTICLE XI

Fiscal Year

The fiscal year of the "Association" shall begin on the first day of January and end on the thirty first (31st) day of December of every year.

ARTICLE XII

Amendments

SECTION 1.

These By-Laws may be amended, at an annual or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Homes Association "Declaration" or the Declaration of Covenants, Conditions and Restrictions applicable to the "District" may not be amended except as provided in either of said declarations.

The affect of any such amendment to the By-Laws must be prospective only and not retroactive.

SECTION 2.

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration of Covenants, Conditions and Restrictions ("Declaration") applicable to the "District" and these By-Laws, the said Declaration shall control.