

BYLAWS
OF
RED OAK HILLS HOMES ASSOCIATION, INC.
(as amended by the Membership effective June 26, 2022)

Red Oak Hills Homes Association, Inc. has been formed as a Corporation Not for Profit under the Laws of the State of Kansas to act as the Red Oak Hills Homes Association.

The following shall be deemed to constitute, and shall be construed to be, the Bylaws of this Kansas Not for Profit Corporation.

ARTICLE I. THE ASSOCIATION

SECTION 1. Name and Nature of Association. The name for the not for profit corporation as set forth above will not be repeated throughout these Bylaws, but said corporation shall hereinafter be referred to as the “Association”.

SECTION 2. Definitions. For all purposes throughout these Bylaws the definitions contained or terms used in the Declarations; First Amended Declaration of Restrictions; Second Amended Declaration of Restrictions; Certificate of Substantial Completion and Declaration of Homes Association; and Articles of Incorporation shall apply, and the contents of same are incorporated by reference in these Bylaws as fully as though completely rewritten. In the event of any conflict between the contents of the various Declarations and Articles and the provisions of these Bylaws, the language and requirements of the Declarations shall first prevail, then the Articles shall prevail if the Declarations are silent or are unclear.

SECTION 3. Membership. Each lot owner, upon acquisition of an Ownership Interest in a lot, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such lot owner of his Ownership Interest, at which time the new lot owner shall automatically become a member of the Association.¹

SECTION 4. Voting Rights. The Association shall have two classes of voting membership with all voting rights and the exercise thereof being apportioned and exercised as provided herein.

CLASS A Class A members shall be all Owners, with the exception of the Developer and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members; however, in no event shall more than one vote be cast with respect to any one lot.

¹ At the June 26, 2022 Annual Meeting where 28.4% of the lot owners required by property restrictions to be members of the Association were represented (“required members”), 73.7% of such lot owners voted to include as members of the Association all other lot owners within the boundary of Red Oak Hills that voluntarily pay assessments to the Association (“voluntary members”). The membership of a voluntary member shall terminate if such voluntary member’s assessments are not paid when due, or upon written notice by such voluntary member to the Secretary of the Association and upon the sale or other disposition by such voluntary member of his Ownership Interest in a lot. Hereinafter, the terms member or members shall include both required members and voluntary members, except as otherwise expressly provided in the Declaration or in these Bylaws.

CLASS B. The sole Class B member shall be the Developer (as defined in the Declaration) and such member shall be entitled to two (2) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the following event:

When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, which by virtue of the two to one ratio between Class B and Class A will occur when sixty-six (66%) percent of the units included within the Declaration at that time have been sold by the Developer; provided, however, that if additional land is thereafter annexed so as to create an additional number of units of such an amount that the proportion of units sold is decreased below sixty-six (66%) percent, then in that event the Class B membership shall be recreated automatically in the same manner and in the same condition as that in which it has existed originally.

SECTION 5. Proxies. Members may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member or members of a proxy to vote or act on his or their behalf shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board by the member or members making such designation. Notice to the Board in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

SECTION 6. Meetings of Members.

A. Annual Meetings. The annual meeting of members of the Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at the office of the Association, or at such other place within the County where the real property covered by the Declaration is located, or any county adjacent thereto, as may be designated by the Board and specified in the notice of such meeting. Meetings shall be held at 7:00 P.M. unless a different time is designated by the Board and specified in the notice of the meeting. The first annual meeting of members of the Association shall be held one year from the date of incorporation of the Association; ~~and subsequent annual meetings shall be held on the same day in each subsequent year, if not a legal holiday, and if a legal holiday, then on the next succeeding business day.~~ Subsequent annual meetings shall be held ~~on the last weekend in June in each subsequent year.~~ [Change approved 5/20/1994 per newsletter] between June 1st and September 30th each year, at the time and on the date determined by a majority of the Board of Directors.

B. Special Meetings. Special meetings of the members shall be called upon the written request of the President of the Association or, in case of the President's absence, death or disability, the Vice President of the Association authorized to exercise the authority of the President; ~~by a majority of the Board by action at a meeting;~~ or by members entitled to exercise at least ~~twenty-five~~ ten percent (~~25~~ 10%) of the voting power ~~requesting the Secretary of the Association call the meeting.~~ Calls for such meetings shall specify the time, date, place and purposes thereof. No business other than that specified in the call shall be considered at any special meeting.

C. Notices of Meetings. Not less than ~~seven (7)~~ten (10) nor more than sixty (60) days before the day fixed for any meeting of the members of the Association, written notice stating the time, date, place and ~~purpose-agenda~~ of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery, ~~or~~ by mail or by electronic delivery to each member of the Association. If mailed or electronic delivery, the notice shall be addressed to the members of the Association at their respective street addresses or electronic mail addresses as they appear on the records of the Association. Notice of the time, date, place and purposes of any meeting of members of the Association may be waived in writing, either before or after the holding of such meeting, by any member of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by him of notice of such meeting.

D. Quorum; Adjournment. At any meeting of the members of the Association entitled to exercise twenty percent (20%) of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration or by these Bylaws to be authorized or taken by a designated percentage of the voting power of the Association may be authorized or taken by a lesser percentage; and provided further, that the members of the Association entitled to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time, date and place to which such meeting is adjourned are fixed and announced at such meeting.

E. Order of Business. The order of business at all annual meetings of members of the Association shall be as follows:

- (1) Calling of meeting to order
- (2) Proof of notice of meeting or waiver of notice
- (3) Reading of minutes or preceding meeting
- (4) Reports of officers
- (5) Reports of committees
- (6) Election of members of Board
- (7) Unfinished and/or old business
- (8) New business
- (9) Adjournment

F. Vote Required for Action by Members. When a quorum is present or represented at any meeting of the members, a majority of the voting power present or represented by proxy at such meeting shall decide any question brought before the meeting, unless the issue is one upon which by express provision of the Articles of Incorporation, the Declaration, these Bylaws or by Kansas statutes a different vote is required, in which case such express provisions shall govern and control the vote necessary to decide the question.

SECTION 7. Actions Without a Meeting. All actions, except removal of a Board member, may be taken without a meeting by a majority vote of the members using electronic voting methods or with the approval of, and in a writing or writings signed by members of the Association having the percentage of voting power required to take such action if the same were taken at a meeting. Such electronic voting results and writings shall be filed with the Secretary of the Association.

ARTICLE II. BOARD OF DIRECTORS

SECTION 1. Number of Qualification. The Board shall consist of nine (9) persons. Except for those persons elected or appointed by the Developer, as hereinafter provided, persons nominated and elected or appointed to the Board shall be ~~both a lot owner and a resident that~~ pays assessments, and owns a lot bound by either the Original Declaration of Restrictions or the First Amended Declaration of Restrictions. The nine (9) persons Board may include a maximum of two (2) persons that are not required to be members of the Association.

~~The Developer, Red Oak Hills Partnership, its successors and assigns, shall have a right to elect or appoint the initial members Board of Directors. The members appointed by the Developer shall hold office for the same term as other Board members, but may be removed as a member at the Developer's pleasure and without cause, on three days written notice by the Developer to the Association or to any two Board members other than the one being removed. The Developer shall have the right to appoint replacements for any member elected or appointed by it, who shall have resigned or been removed, without the requirement for any Board meeting or membership meeting. A Board member appointed or elected by the Developer who resigns or is removed as a member by the Developer, and who holds an office of this Association required to be held by a Board member shall forthwith automatically be removed as such officer. [change approved 6/27/1996 Annual Meeting.]~~

SECTION 2. Election of Board; Vacancies. Board members shall be elected at the annual meeting of members of the Association or at a special meeting of the Association called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates by the Board or five (5) members of the Association shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, the remaining Board members, though less than a majority of the whole authorized number of Board members, may, by vote of a majority of their number at a special meeting for such purpose, fill any such vacancy ~~for the unexpired term or~~ vacancies until the next annual meeting of members of the Association or a special meeting of the members of the Association called for the purpose of electing a person or persons to fill the remaining term of such Board vacancy or vacancies; provided however, that a vacancy in the

position filled by appointment by the Developer shall be filled by a subsequent designation of the Developer, as provided in Section 1 of this Article II.

SECTION 3. Term of Office; Resignations. Each Board member shall hold office ~~until the next annual or succeeding annual meeting of the members of the Association, as the case may be,~~ for a term of three (3) years and until his or her successor is elected or until his or her earlier resignation, removal from office or death. Any Board member may resign at any time by oral statement to the Association, such resignation to take effect immediately or at such other time as the Board member may specify. Members of the Board shall serve without compensation. ~~At the first annual meeting of the members of the Association, the term of office of two Board members shall be two (2) years (one of whom shall be designated by Declarant pursuant to Section 1 of this Article II) and the term of office of the remaining Board member shall be one (1) year. At the expiration of such initial term of office of each respective Board member, his successor shall be elected to serve for a term of two (2) years. At the 1995 annual meeting of the members of the Association, the following election process shall control: the initial term of office of three (3) Board members shall be one (1) year; the initial term of office of three (3) Board members shall be two (2) years; and the initial term of office of three (3) Board members shall be three (3) years. At the expiration of such initial term of office of each respective Board member, his or her successor shall be elected to serve for a term of three (3) years. [change approved 6/27/1996 Annual Meeting.]~~

SECTION 4. Organization Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

SECTION 5. Regular Meetings. Regular meetings of the Board may be held at such time, date and place as shall be determined by a majority of the Board and at a place convenient to the members of the Association, but at least four such meetings shall be held during each fiscal year. Not less than ten (10) nor more than thirty (30) days before the day fixed for a regular meeting of the Board, written notice stating the time, date, place and agenda of such meeting shall be given to each Board member and to each member of the Association by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery, by mail or by electronic delivery. If mailed or electronic delivery, the notice shall be addressed to the members of the Association at their respective street addresses or electronic mail addresses as they appear on the records of the Association.

SECTION 6. Special Meetings. Special meetings of the Board may be held at any time upon call by the President or any two Board members. Written notice of the time, date and place of each such meeting shall be given to each Board member and to each member of the Association either by personal delivery or by mail, telegram, electronic delivery or telephone at least two (2) days before the meeting, which notice need not specify the purposes of the meeting; provided, however, that attendance of any Board member at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by him of notice of such meeting, and such notice may be waived in writing either before or after the holding of such meeting by any Board member, which writing shall be filed

with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting except as provided herein.

SECTION 7. Quorum; Adjournment. A quorum of the Board shall consist of a majority of the Board of Directors then in office present at a meeting of the Board, whether Board members are present at such meeting in person, by telephone, by video conference or by a combination thereof; provided that a majority of the Board members present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time, date and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Bylaws.

SECTION 8. Powers and Duties. Except as otherwise provided by law, the Declaration or these Bylaws, all power and authority of the Association shall be exercised by the Board. In carrying out the purpose of the Association and subject to the limitations prescribed by law, the Declaration and these Bylaws, the Board, for and on behalf of the Association, may:

- A. purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer and dispose of property of any description or any interest therein;
- B. make contracts;
- C. effect insurance;
- D. borrow money, and issue, sell, pledge and execute notes, bonds, mortgages and other evidences of indebtedness of the Association;
- E. levy assessments against Lot Owners;
- F. employ a managing agent to perform such duties and services as the Board may authorize;
- G. employ lawyers and accountants to perform such legal and accounting services as the Board may authorize;
- H. take all action and authorize and direct the officers to execute all documents requested by Declarant to effectuate the exercise of its rights and powers under the Declaration, as amended from time to time; and
- I. do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or the Declaration or incidental thereto.

SECTION 9. Removal of Members of Board. At any regular or special meeting of members of the Association duly called, at which a quorum shall be present and the subject of removal is included in the meeting notice, any one or more of the Board members, except the Board member(s), if any, designated by Developer as provided in Section 1 of this Article II, may be removed with or without cause by the vote of the majority of members of the Association present in person or by proxy entitled to exercise at least seventy five percent (75%) of the voting power of the Association, and a successor or successors to such Board member or

members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting prior to any vote for removal.

SECTION 10. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association and shall be a Common Expense.

ARTICLES III. OFFICERS

SECTION 1. Election and Designation of Officers. The Board shall elect a President, a Vice President, a Secretary and a Treasurer, each of whom shall be a member of the Board. The Board may also appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary who may or may not be members of the Board but who are members of the Association. 7

SECTION 2. Term of Office; Vacancies. The officers of the Association shall hold office until the next organization meeting of the Board and until their successors are elected, except in case of resignation, removal from office or death. The Board may remove an officer at any time with or without cause by a majority vote of the Board members then in office. Any vacancy in any office may be filled by the Board.

SECTION 3. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of members of the Association and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the Association. He may execute all authorized deeds, contracts and other obligations of the Association, and shall have such other authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

SECTION 4. Vice President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

SECTION 5. Secretary. The Secretary shall keep the minutes of meetings of the members of the Association and of the Board. He shall keep such records as may be required by the Board, shall give notices of meetings of members of the Association and of the Board required by law, the Declaration or by these Bylaws, and shall have such authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

SECTION 6. Treasurer. The Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. He shall keep accurate current financial books of account, and hold the same open for the inspection and examination of the Board upon its request at all reasonable times, and shall have such authority and shall perform such other duties as may be determined by the Board.

SECTION 7. Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board may appoint shall, respectively, have such authority and perform such duties as may be determined by the Board.

SECTION 8. Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

SECTION 9. Insurance. The Board may obtain liability and indemnification insurance in favor of the Board of Directors, officers and employees in the performance of their duties in such amount as the Board may deem appropriate. The premiums on such insurance shall be paid by the Association and shall be a Common Expense. Such insurance shall in addition to the provisions of Article VII, Section 1 hereof.

ARTICLE IV. COMMITTEES

SECTION 1. The Board of Directors shall appoint a Nominating Committee and an Architectural Control Committee, the latter as provided for in the Declaration. In addition, the Board of Directors shall appoint such other committees as it deems appropriate in carrying out its purposes, such as:

(a) A Recreation Commission which shall advise the Board of Directors on all matters pertaining to the recreational program, facilities and activities of the Association, if any, and shall perform such other functions as the Board may determine in its discretion;

(b) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the properties, and which shall perform such other functions as the Board in its discretion may determine;

(c) A Rules Committee which shall prepare a set of rules and amendments thereto from time to time, governing the use of subdivision streets and common area by members and the public; such rules to be of no force and effect until approved by a majority vote of the Board;

(d) An Audit Committee which shall review the annual financial statements of the Association's fiscal condition and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting; and the Treasurer shall be an ex officio member of such a committee if it be created by the Board.

SECTION 2. It shall be the duty of each committee to receive complaints from members on any matters involving Association functions, facilities, duties and activities within its field or responsibility. It shall dispose of such complaints as it deems appropriate or offer them to such other committee, Director or officer of the Association as is further concerned with the matter presented. Provided, however, that the Board of Directors shall retain ultimate control, authority and responsibility and that the Board shall have the authority to reverse or override any action of any committee.

ARTICLE V. GENERAL POWERS OF THE ASSOCIATION

SECTION 1. Common Expenses. The Association, for the benefit of all the Lot Owners, shall pay all Common Expenses arising with respect to, or in connection with, the property covered by the Declaration, including, without limitation, the following:

A. Utility Service for Common Areas and Facilities. The cost of water, waste removal, electricity, telephone, heat, power or any other utility service for the Common Areas and Facilities.

B. Casualty Insurance. The premium upon a policy or policies of Casualty Insurance insuring the Common Areas and Facilities with extended coverage, vandalism and malicious mischief endorsements.

C. Liability Insurance. The premium upon policy or policies insuring the Association and the members of the Board against liability for personal injury, disease, illness or death or for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, as provided in the Declaration.

D. Workmen's Compensation. Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

E. Wages and Fees for Services. The wages and /or fees for services of any person or firm employed by the Association, including, without limitation, the services of a person or persons to act as a manager or managing agent for the property, the services of any person or persons required for the maintenance or operation of the property (including a recreation director or other personnel, if any), and legal and/or accounting services necessary or proper in the operation of the common areas or facilities or the enforcement of the Declaration, these Bylaws and for the organization, operation and enforcement of the rights or rules of the Association.

F. Care of Common Areas and Facilities. The cost of landscaping, gardening, snow removal, painting, cleaning, tuck pointing, maintaining, decorating, repairing and replacing of the Common Areas and Facilities, provided, however, structural maintenance and repair is caused by a lot owner, in which case he shall be responsible.

G. Additional Expenses. The cost of any materials, supplies, furniture, labor, services, maintenance, repairs, replacements, structural alterations and insurance which the Association is required to secure or pay for pursuant to the terms of the Declaration and these Bylaws or by law or which the Association deems necessary or proper for the maintenance and operation of the property covered by the Declaration or for the enforcement of the Declaration and these Bylaws.

H. Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association constitute a lien against the Common Areas and Facilities.

SECTION 2. Capital Addition and Improvements. Whenever, in the judgment of the Board, the Common Areas and Facilities shall require additions, alterations or improvements (as opposed to maintenance, repair and replacement) costing in excess of \$10,000 in any fiscal year, and the making of such additions, alterations or improvements shall have been approved by lot owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alterations or improvements and shall assess all lot owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing \$10,000 or less in any fiscal year may be made by the Board without approval of the lot owners and the cost thereof shall constitute a Common Expense.

SECTION 3. Rules and Regulations. The Association, by vote of a majority of the Board, may adopt such reasonable Rules and from time to time amend the same as it deems advisable for the maintenance, conservation, and beautification of the property and for the health, comfort, safety and general welfare of the lot owners. Written notice of such Rules shall be given to all lot owners and residents in the subdivision and the Property shall at all times be maintained subject to such Rules. In the event such Rules shall conflict with any provisions of the Declaration or of these Bylaws, the provisions of the Declaration and of these Bylaws shall govern.

SECTION 4. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board and officers, from delegating in accordance with the Declaration, to persons, firms or corporations, such duties and responsibilities of the Association as the Board shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

ARTICLE VI. FINANCES OF ASSOCIATION

SECTION 1. Preparation of Estimated Budget. Each year, on or before November 15, the ~~Association Board of Directors~~ shall meet to estimate the total amount necessary to pay all the Common Expenses for the next calendar year together with a reasonable amount considered by the ~~Association Board of Directors~~ to be necessary for a reserve for contingencies and replacements with such reserve not exceeding an additional 50% of the estimated budget, and shall on or before December 15 notify each lot owner in writing as to the amount of such estimate, with reasonable itemization thereof. Notice of any meeting at which a budget or special assessment will be considered shall be given to members at least ten (10) days prior to the meeting date and members shall be given a reasonable opportunity to comment on the proposal prior to the Board taking action. The "estimated cash requirement" shall be assessed to the lot owners at a uniform rate for all similar lots. The Board of Directors shall have the discretion to bill assessments annually, semi-annually, quarterly or monthly. Payment of billed assessments is due by the 10th of the month following the month the bill is mailed, or as directed in said bill. The Board of Directors may assess a reasonable late fee not exceeding 15% of the billed amount for assessments not received by the due date. Unpaid assessments, late fees and interest thereon,

and reasonable attorney's fees and other costs attributable to the collection of unpaid assessments shall be a charge and continuing lien in favor of the Association upon the lot against which the assessment is made. On or before the date of each annual meeting, the Association shall supply to all lot owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserved shall be credited uniformly to ~~the next monthly installments due from lot owners under the current year's estimate, until exhausted, and any net shortage shall be added uniformly for all similar lots to the installments due in the succeeding six months after rendering the accounting~~ members in the form of a reduction in the amount of the succeeding assessments until such excess amount has been exhausted, which shall occur within two (2) calendar years.

SECTION 2. Extraordinary Expenditures. If the "estimated cash requirement" proves inadequate for any reason, including nonpayment of any lot owner's assessment, such extraordinary expenditures shall be assessed to the lot owners uniformly for all lots. The Association shall serve notice of such further assessment on all lot owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall be payable as directed in the notice, but not less than ten (10) days after the delivery or mailing of such notice or further assessment. All lot owners shall be obligated to pay the adjusted amount. The Association may at the discretion of the Board of Directors build up and maintain a reasonable reserve for contingencies and replacements. In this event extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall then be charged first against such reserve.

SECTION 3. Budget for First Year. When the first Board elected hereunder takes office, the Association shall determine the "estimated cash requirement", as hereinabove defined, for the period commencing thirty (30) days after said election and ending on December 31 of the calendar year in which said election occurs. Assessments shall be levied against and paid by, the lot owners during said period as provided in Section 1 of this Article VI.

SECTION 4. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or deliver to the lot owner the annual or adjusted estimate shall not constitute a waiver or release in any manner of such lot owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate the lot owner shall continue to pay the charge at the existing rate established for the previous period until the next payment is due provided such new annual or adjusted estimate shall have been mailed or delivered ten (10) days or more prior thereto.

SECTION 5. Books and Records of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any lot owner or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such lot owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any lot owner shall be furnished a statement of his account

setting forth the amount of any unpaid assessments or other charges due and owing from such lot owner to the Association.

SECTION 6. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purpose designated herein, and except for such special assessments as may be levied hereunder against less than all of the lot owners and for such adjustments as may be required to reflect delinquent or prepaid assessments, shall be deemed to be held for the use, benefit and account of all of the lot owners in proportion to each lot owner's percentage ownership in the Common Areas and Facilities.

SECTION 7. Annual Audit. The books of the Association shall be audited once a year by the Board and such audit shall be completed prior to each annual meeting. If requested by three members of the Board, such audit shall be made by a Certified Public Accountant. In addition and at any time so requested by ten percent (10%) of the lot owners or by Developer, the Board shall cause an additional audit to be made.

ARTICLE VII. GENERAL PROVISIONS

SECTION 1. Indemnification of Board Members and Officers. The corporation shall indemnify any and every board member, officer or employee against expenses, judgments, decrees, fines, penalties or amount paid in settlement in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which such board member, officer or employee is or may be made a party by reason of being or having been such board member, officer or employee, provided a determination is made by the board of directors to the effect (a) that such board member, officer or employee was not, and has not been adjudicated to have been, negligent or guilty of misconduct in the performance of his duty to the corporation of which he is a board member, officer or employee, (b) that he acted in good faith in what he reasonably believed to be the best interest of such corporation, and (c) that, in any matter the subject of a criminal action, suit or proceeding, he had no reasonable cause to believe that his conduct was unlawful. Such indemnification shall be deemed exclusive of any other rights to which such board member, officer or employee may be entitled under these Articles, the Bylaws of this corporation, any agreement or any insurance purchased by this corporation, or by vote of the members, or otherwise. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights to which any Board member or officer may be entitled as a matter of law, under the Declaration, any vote of Association members or any agreement.

SECTION 2. Amendments. These Bylaws may be amended, at any regular or special meeting of the ~~lot owners~~members, by vote of a majority of a quorum of ~~lot owners~~members present in person or by proxy, without a meeting by a majority vote of the members using electronic voting methods, or by resolution duly executed by a majority of the ~~lot owners~~members, except as otherwise provided herein.

SECTION 3. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Kansas Uniform Common Interest Owner's Bill of Rights Act and these Bylaws, the Kansas Uniform Common Interest Owner's Bill of Rights Act shall control.

SECTION 4. Corporate Seal. The Association shall have a corporate seal, in circular form, having its circumference the words "Red Oak Hills Homes Association, Inc., Kansas, Corporate Seal".

IN WITNESS WHEREOF, we, being all of the Directors of the above named Association, have hereunto set out hands this _____ day of _____, 1986.

David K. Miller

John Meyers

Oscar A. Van Hoet