

BYLAWS
OF
KENSINGTON VALLEY HOMES ASSOCIATION

ARTICLE I
Name and Location

The name of the corporation is Kensington Valley Homes Association, hereinafter referred to as the "Association". The corporation, by resolution of its Board of Directors, may change the location of its registered office as designated in the Articles of Incorporation to any other place in Kansas. By like resolution the resident agent at such registered office may be changed to any other person or corporation, including itself. Upon adoption of such a resolution, a certificate certifying the change shall be executed, acknowledged and filed with the Secretary of State, and a certified copy thereof shall be recorded in the office of the Register of Deeds for the county in which the new registered office is located. Meetings of members and directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II
Definitions

Section 1. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions as set forth in the Declaration of Restrictions for Kensington Valley, as the same may from time to time be amended.

Section 2. "Association" shall mean and refer to Kensington Valley Homes Association, a Kansas not-for-profit corporation, its successors and assigns.

Section 3. "Developer" shall mean and refer to Indian Creek Estates, a Kansas partnership composed of Midway Enterprises, a Kansas partnership, HSA Services, Inc., and Nelson Development Corporation, its successors and assigns.

Section 4. "The Properties" shall mean and refer to all real property which becomes subject to the Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of Article VII of the Declaration.

Section 5. "Common Areas" shall mean and refer to all open spaces, street islands and frontage on certain lots of Kensington Valley to be held in the name of the Developer or its successor, the Association, and dedicated to the common use and enjoyment of all the Lotowners and residents of the Properties.

Section 6. "Residence" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 7. "Lot" shall mean and refer to any separately-owned parcel as may be shown by any recorded subdivision plat of the Properties, with the exception of Common Areas as heretofore defined. Where the context indicates or requires, the term "Lot" includes any structure on the Lot.

Section 8. "Lotowner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Properties. The foregoing does not include persons or entities who hold an interest in any Lot

merely as security for the performance of an obligation, unless such person or entity has acquired title pursuant to foreclosure or upon proceeding instead of foreclosure. Lotowner shall include Developer.

Section 9. "Board" shall mean Board of Directors of the Association.

ARTICLE III
Meeting of Members

Section 1. Members. Every Lotowner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, except as may be stated in these Bylaws or in the Declaration, and is further subject to any rules and regulations governing the use of Common Areas and facilities and other regulatory powers of the Association as defined in these Bylaws, the Declaration and any Supplementary Declaration.

Section 2. Voting Rights. The Association shall have two classes of voting membership. Class A members shall be all Lotowners, 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. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. The Class B member(s) shall be Developer and shall be entitled to twenty-five (25) votes for each Lot owned.

Section 3. Annual Meetings. The first annual meeting of the members shall be held within forty-eight (48) months from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held within eighteen (18) months of the previous annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President, by the Board of Directors or by members of the Association having at least twenty percent (20%) of the votes of the voting membership.

Section 5. Proxies. Members may vote either in person or by proxy; provided, however, that all persons constituting the owners of the Lot have filed with the secretary of the corporation a signed proxy statement, duly acknowledged before a notary public, not later than twenty-four (24) hours prior to any meeting at which the proxy sought to be exercised; and provided further that any proxy shall not be effective for more than thirty (30) days.

ARTICLE IV
Board of Directors

Section 1. Powers. Subject to the limitations of the Articles of Incorporation, of the Bylaws, and of the Kansas Corporation Code, and subject to the duties of directors described by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and the affairs of the Association shall be controlled by, the Board of Directors.

Section 2. Composition and Term. Persons to serve as

Directors until the first annual meeting shall be designated in the Articles of Incorporation. Thereafter, at the first annual meeting, the initial Board of Directors shall be appointed by Developer and shall serve until the expiration of their respective terms of office and their respective successors are elected. All persons initially appointed to the Board of Directors and all persons subsequently holding office as a member of the Board of Directors shall be members in good standing of the Association. At the first annual meeting, three (3) directors shall be appointed to terms of two (2) years and two (2) directors shall be appointed to terms of one (1) year; provided, however, that the terms of the initial Directors shall be extended so that such terms expire at the end of the calendar in which they would otherwise have expired. At the second annual meeting, and at each annual meeting thereafter, elections shall be held to fill the office of each director whose term has expired. Beginning with elections conducted at the second annual meeting, and at every annual meeting thereafter, directors shall be elected to terms of two (2) years, so that no more than three (3) director positions shall be open for election at any annual meeting.

Directors shall be appointed or elected from districts. The area comprising the Properties shall be divided into five (5) districts, with one (1) resident of each district elected or appointed as director. All members in good standing of the Association shall be entitled to vote for each director position which is open for election in the manner provided for herein.

The first designation of districts shall be made by the directors in office as designated by the Articles of Incorporation,

prior to the appointment of the initial Board of Directors. From time to time, as additional areas are added to the Properties or as residences are built and occupied, or at such other times as are required to maintain an equitable representation on the Board of all Association members, the districts within the Properties shall be redefined by the Board of Directors so that the number of members of the Association in each district is substantially equal. The purpose of the district representation is to give all members of the Association the opportunity to have a substantially equal voice in the affairs of the Association.

Section 3. Method of Election. Election shall be by secret written ballot at the annual meeting, but if any such annual meeting is not held, or the directors are not elected thereat, directors may be elected at a special meeting of members held for that purpose as soon thereafter as convenient. The members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and the Declaration. Cumulative voting is not permitted. Those persons receiving the largest number of votes as to each vacancy shall be elected.

Section 4. Resignation and Removal. The unexcused absence of a Director from three (3) consecutive regular meetings of the Board shall be deemed a resignation. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association.

Section 5. Vacancies. In the event of death, resignation or removal of any elected director, his successor shall be selected by the remaining elected directors and shall serve for the unexpired term of his predecessor. In the event of death, resignation or removal of any appointed or designated director, his successor shall be selected by appointment by the Developer and shall serve for the unexpired term of his predecessor.

Section 6. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE V
Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held without notice, at such place and hour as may be fixed from time to time in advance by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors for any purpose(s) may be called by any two (2) directors. Notice of any such special meeting, unless waived by attendance thereat or in writing, shall be given by written notice (i) mailed at least five (5) days before the date such meeting is to be held, or (ii) hand-delivered at least two (2) days before the date of such meeting, such written notice being deemed to be delivered when deposited in the U.S. mail (with postage pre-paid)

or delivered to a commercial courier, addressed to a director at his residence or usual place of business.

ARTICLE VI


Powers and Duties of the Board of Directors

Section 1. Powers. Without limiting the general powers of the Board of Directors, the Board of Directors shall have power to:

- (a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association by law, the Declaration or any Supplementary Declaration and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.
- (b) Employ a manager, an independent contractor or such other employees as they may deem necessary, and to prescribe their duties.
- (c) If allowed by the Articles of Incorporation, to alter, amend or repeal the Bylaws of the Association.
- (d) To select and remove all officers, agents and employees of the Association, to appoint committees and to prescribe such powers and duties for them as may not be inconsistent with law, the Declaration, the Articles of Incorporation or these Bylaws.
- (e) To conduct, manage and control the affairs and business of the Association and to make rules and regulations, make decisions, incur costs, exercise discretion and take

actions not inconsistent with law, the Declaration, the Articles of Incorporation or these Bylaws.

Section 2. Duties. It shall be the duty of the Board of Directors to:

-  (a) Adopt and publish rules and regulations including fees, if any, governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to include these in the permanent records of the Association;
- (b) Suspend the right of any Lotowner to use the recreational facilities of the Association during any period in which such Lotowner shall be in default for more than thirty (30) days after notice in the payment any assessment levied by the Association. Such right may also be suspended for members, after notice and hearing, for a period not to exceed ninety (90) days for infraction of the Declaration or rules and regulations duly adopted and published by the Board of Directors;
- (c) Cause to be kept complete records of all its corporate affairs, including minutes of annual and special meetings of directors and members, and to make such records available for inspection by any member or his agent;
- (d) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

- (e) Issue upon demand by any member a certificate setting forth whether or not any assessment has been paid and giving evidence thereof for which a reasonable charge may be made;
- (f) Designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;
- (g) Hold a hearing open to members of the Association and their agents on the proposed annual budget, to provide reasonable notice of same, and to approve the annual budget;
- (h) Fix annual general and special assessments at an amount sufficient to meet the obligations imposed by the Declaration and all Supplementary Declarations;
- (i) Annually set the date(s) assessments are due and to take such actions as are necessary with respect to the collection and enforcement of assessments, consistent with the Declaration;
- (j) Send written notice of each assessment to every Lotowner subject thereto at least thirty (30) days in advance of the due date of the annual assessment or the first installment thereof;
- (k) Determine, in their discretion, whether the lien against

any property for which assessments are not paid within thirty (30) days after due date should be foreclosed or whether or not an action at law should be brought against the Lotowner personally obligated to pay the same;

- (l) Cause the Common Areas to be maintained;
- (m) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (n) Enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declaration;
- (o) Appoint such committees as are prescribed or allowed by the Declaration and these Bylaws.

ARTICLE VII Officers

Section 1. Enumeration of Offices. The officers of this Association shall be a president, two (2) vice-presidents, a secretary and a treasurer. All officers shall at all times be members of the Board of Directors and each director shall be elected to one (1) such office.

Section 2. Election of Officers. The election of officers shall be conducted by the members of the Board of Directors from among their number and shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he or she shall sooner resign, or

shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by 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 at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of president and secretary may not be held by the same person; otherwise, in the event of a vacancy in any office, the same person may hold multiple offices.

Section 7. Duties. The duties of the officers are as follows:

- (a) President: The President shall preside at all meetings of the Board of Directors and of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes and contracts as the Board may approve from time to

time.

- (b) Vice Presidents: The Vice Presidents shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him 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; maintain adequate and accurate records of the corporation, including minutes and resolutions; service notice to members as required by these Bylaws or governing law; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board.
- (d) Treasurer: The Treasurer shall cause all monies of the Association to be deposited in appropriate accounts and disbursed therefrom as directed by resolution of the Board of Directors; shall co-sign any promissory notes and contracts; shall keep proper books of account; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Board of Directors and to the membership at its regular annual meetings.

ARTICLE VIII
Committees

Section 1. Architectural Control. As set forth in the Declaration, architectural control, including approval of plans, elevations, location and grade of residences and outbuildings located within the Properties, before, during and after construction, shall be solely the function of the Developer. Developer may, at its option, delegate all or any part of the function of architectural control (including, but not limited to application for fences, room additions, decks, patios, and other exterior alterations, walls, posts or dog runs) to the Board of Directors. If such delegation is made, architectural control, to the extent delegated, shall be the function and obligation of the Board of Directors, and it may not be delegated to a separate architectural control committee or similar group. Any such delegation by Developer of all or part of its architectural control function shall not be effective unless done in writing by a person authorized to act in such regard on behalf of the Developer.

Section 2. Other Committees. The Board may appoint such other committees as it deems appropriate in carrying out its purposes, not inconsistent with Section 1 of this Article.

ARTICLE IX
Quorum and Notice

Section 1. Quorum. The quorum for meetings where action by Lotowners is required by the Declaration shall be the presence, in person or by proxy, of members entitled to cast fifty percent (50%)

of all the votes of each class of membership. If the required quorum is not forthcoming at the first meeting called for such purpose, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. If the required quorum is not present at any such subsequent meeting, another meeting may be called subject to the same notice requirement, and the required quorum at the second subsequent meeting, or any subsequent meeting thereafter called for lack of quorum shall continue to be one-half (1/2) of the required quorum at the initial meeting called for such purpose. In no event shall the required quorum fall below the presence, in person or by proxy, of members entitled to cast twenty-five percent (25%) of all votes of each class of membership; provided, however, the members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

The quorum for all other meetings of members shall be the presence at meetings of members, in person or by proxy, who are entitled to cast twenty-five percent (25%) of the votes of the members then outstanding.

Section 2. Notice. Notice required by the Declaration, the Articles of Incorporation or these Bylaws shall be provided in

writing by mailing a copy of such notice, first class postage pre-paid, to the member at the address last appearing on the books of the Association, or supplied by such member for the purpose of notice.

Notice for meetings where action by Lotowners is required shall be provided to Lotowners at least thirty (30) days and not more than sixty (60) days prior to such meeting. Notice of all other meetings of members shall be provided to members at least fifteen (15) days before such meeting.

Notice of meetings shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

ARTICLE X
Fiscal Year

The fiscal year of the Association shall be the calendar year, and shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XI
Indemnification of Officers and Directors

Each officer and director of the Association, in consideration of his services as such, shall be indemnified by the Association, to the extent permitted by law, against expenses and liabilities reasonably incurred by him in connection with the defense of any

action, suit or proceeding, civil or criminal, to which he may be a party by reason of being or having been a director or officer of the Association. The foregoing right of indemnification shall not be exclusive of any other rights to which the director or officer or person may be entitled by law, or agreement or vote of the members or otherwise.

ARTICLE XII
Amendment

Section 1. The power to amend these Bylaws shall reside concurrently in the membership of the Association and in the Board of Directors. These Bylaws may be amended only by a majority vote of the members present at a regular meeting or special meeting of the Association, and by a majority vote of the Board of Directors at a regular or special meeting of the Board. Notice that the amendment of the Bylaws will be considered, and of the nature and the purpose of the proposed amendment, must be stated in the notice of the meeting of members. No such vote shall be taken unless a quorum is present.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

- (1) That I am the duly elected and acting secretary of Kensington Valley Homes Association, a Kansas non-profit corporation; and
- (2) That the foregoing Bylaws, comprising of eighteen (18) pages, constitute the original Bylaws of said corporation, as duly adopted at the first meeting of the Board of Directors thereof duly held on the 7th day of August, 1991.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my seal of said corporation this 7th day of August, 1991.


Merlyn L. Stuffings, Secretary