

**BYLAWS OF SOUTHWOOD HOMEOWNERS ASSOCIATION, INC.
A KANSAS NOT-FOR-PROFIT CORPORATION**

**ARTICLE I.
Definitions**

Unless the context clearly requires otherwise, the following terms used in these Bylaws are defined as follows:

A. "Additional Property" means any additional real property which is annexed to the Community, thereby becoming a part thereof and subject to the Declaration.

B. "Assessments" shall include the following:

(1) "Regular Assessment" means the amount which is to be paid by each Member.

(2) "Special Assessment" means (i) a charge against a particular Member, an Owner or a Lot, directly attributable to such Member, Owner or Lot, to reimburse the Corporation for costs incurred in bringing the Member, the Owner or the Lot into compliance with the provisions of the Declaration, the Articles of Incorporation, or Bylaws; (ii) any other charge designated as a Special Assessment in the Declaration, the Articles of Incorporation, or the Bylaws; or (iii) attorneys' fees and other charges payable by such Member or Owner as a Special Assessment pursuant to the provisions of the Declaration.

C. "Member" means every Person who holds a membership in the Corporation.

D. "Community" means that parcel of real property and any Additional Property made subject to the Declaration by annexation, together with all buildings, improvements, and other permanent fixture of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances, and privileges belonging or in any way pertaining thereto.

E. "Declaration" means the Declaration of Easements, Covenants, Conditions and Restrictions and Homes Association Declaration for Southwood Subdivision as from time to time amended.

F. "Developer" means Southwood, L.C., a Kansas limited liability company, its successors and assigns, or any person or entity to whom the Developer's rights hereunder are hereinafter assigned by recorded instrument, or succeeds to the interest of the Developer in any Lot or other portion of the Community by reason of a foreclosure (or conveyance in lieu of foreclosure).

G. "Lot" means a subdivided lot or a residential dwelling unit within the Community as shown on the Plat.

H. "Owner" means the record owner, whether one or more Persons, of fee simple title, whether or not subject to any mortgage, to any Lot which is a part of the Community, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. In the case of Lots the fee simple title to which is vested of record in a trustee, legal title shall be deemed to be in the trustor.

I. "Majority", where not specifically designated otherwise, means the Members holding more than 50% of the total votes entitled to be cast with respect to a given matter, and where designated, any specified fraction or percentage of the Members holding the specified fraction or percentage of the total votes entitled to be cast with respect to a given matter. A specified fraction or percentage "of all of the Members" means that fraction or percentage of the total votes of all Members other than the Developer. Unless otherwise specified, any provision herein requiring the approval of the Members means the approval of a Majority of such Members.

J. "Person" means an individual, corporation, partnership, trustee, or other entity capable of holding title to real property, and their respective heirs, successors, and assigns.

K. "Plat" means the plat of subdivision of the Community as first recorded in the official records of Johnson County, Kansas, and as thereafter from time to time amended or supplemented, together with all subsequent plans of subdivision for real property annexed to the Community.

ARTICLE II. Purposes and Restrictions

The purposes of the Corporation shall be those non-profit purposes stated in the Articles of Incorporation, as may be amended. No part of the net earnings or other assets of the Corporation shall inure to the benefit of, be distributed to or among, or revert to any director, officer, contributor or other private individual having, directly or indirectly, any personal or private interest in the activities of the Corporation, except that the Corporation may pay reasonable compensation for services rendered and may make payments and distributions in furtherance of the non-profit purposes stated in the Articles of Incorporation.

ARTICLE III.
Offices

The principal office of the Corporation in the State of Kansas shall be located in the City of Prairie Village. The Corporation may have such other offices within or without the City of Prairie Village as may be required.

The registered office of the Corporation required under the laws of the State of Kansas to be maintained in the State of Kansas may be, but need not be, identical with the principal office in the State of Kansas, and the address of the registered office may be changed from time to time in conformity with the laws of the State of Kansas.

ARTICLE IV.
Membership and Voting Rights

A. *Membership.* Membership in the Corporation shall consist of the Developer and all of the Owners; provided, however, until such time as one hundred percent (100%) of all Lots within the Community (including Lots made a part thereof from time to time by annexation) have been sold to third parties, the Developer shall have the controlling vote. Each Owner shall be entitled to membership and one vote in the Corporation so long as he/she is the Owner of his/her Lot, and such Owner shall specify in writing to the Corporation the name of the individual who will hold the membership. The Member must be an individual who, is either an Owner, or if the Owner is or includes a Person other than an individual, the Member may be an individual who is a partner, if the Owner is or includes a partnership, or an officer of a corporation, if the Owner is or includes a corporation, or a beneficiary of the trust, if the Owner is or includes a trust, or an Owner of the entity, if the Owner is or includes a Person other than an individual, a partnership, a corporation, or a trust.

(1) Once a Member has been specified by an Owner of a Lot, a new Member may only be specified for that Lot by the Owner upon the written approval of the President, which approval shall not be unreasonably withheld.

(2) Membership shall not be transferred, pledged, or alienated in any way, except as herein expressly provided. Membership shall automatically be transferred to the new Owner upon the transfer of the Lot to which it appertains (and then only to such transferee), whether by sale, intestate succession, testamentary disposition, foreclosure of mortgage or other legal process transferring fee simple title to such Lot.

B. *Assignment of Developer's Voting Rights.* If any lender to whom the Developer has assigned, or hereafter assigns, as security all or substantially all of its rights under these Bylaws succeeds to the interests of the Developer by virtue of said assignment the

absolute voting rights of the Developer as provided in these Bylaws shall not be terminated thereby, and such lender shall hold the Developer's memberships and voting rights on the same terms as they were held by the Developer pursuant hereto.

C. *Approval of Members.* Unless elsewhere otherwise specifically provided in the Declaration, or the Articles of Incorporation, any provision of the foregoing which requires the vote or written assent of the Members shall be deemed satisfied by the following:

(1) The vote in person, or by proxy, of a Majority of Members at a meeting duly called and noticed pursuant to the provisions of the Articles of Incorporation, these Bylaws or the Declaration, dealing with annual or special meetings of the Board of Directors.

(2) Written consents signed by a Majority of Members as provided in these Bylaws.

ARTICLE V. Board of Directors

A. *Management.* The affairs of the Corporation shall be managed, supervised and controlled by a self-perpetuating Board of Directors consisting of not less than three (3) nor more than twenty-one (21) persons (as decided, from time to time, by the Board of Directors). Except for the Directors elected by the Developer, each Director shall be a Member or the spouse of a Member. If a Director shall cease to meet such qualifications during his or her term, he or she will thereupon cease to be a Director and his or her place on the Board shall be deemed vacant.

B. *Term and Election of Directors.* Each Director shall be elected for a term of one (1) year by the majority of Members present at an annual meeting of the Board of Directors. Vacancies occurring on the Board of Directors, including vacancies due to an increase in the number of Directors, including vacancies due to an increase in the number of Directors, may be filled by the Directors then in office. Any Director may succeed himself or herself indefinitely.

C. *Meetings.* The Annual Meeting of the Board of Directors shall be held on the 5th of the month of January, and all meetings of the Board, regular or special, shall be held at the principal office of the Corporation, or at such time and place within or without the State of Kansas as shall be designated by the President if not designated by the President then as determined by the Board of Directors. The annual meeting shall be held for the purpose of electing officers and Directors and transacting such other business as may come before the meeting. Special meetings of the Board of Directors may be called

by or at the request of the President, or in the President's absence by the Vice President, or by any two Directors.

Members of the Board of Directors, or of any committee designated by the Board of Directors, may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Any action which is required to be or may be taken at a meeting of the Directors, or of any committee of the directors, may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all of the members of the Board or of the committee as the case may be. The consent shall have the same force and effect as a unanimous vote at a meeting duly held, and may be stated as such in any certificate or document. The Secretary shall file the consents with the minutes of the meetings of the Board of Directors or of the committee as the case may be.

D. *Notice.* Notice of any annual or special meeting shall be given at least five days prior thereto by written notice delivered personally or mailed to each Member and to each Director at such Director's business or home address. If mailed, such notices shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Member or Director may waive notice of any meeting. The attendance of a Member or a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Member or a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

E. *Quorum.* One-half of the incumbent members of the Board of Directors (including one or more officers) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

F. *Manner of Acting.* The act of the majority of the Directors present at a meeting of the Directors at which a quorum is present shall be the act of the Board of Directors unless a greater number is required under the Articles of Incorporation, these Bylaws, the Declaration or any applicable laws of the State of Kansas.

G. *Committees.* The Board of Directors may by resolution adopted by a majority of the Directors in office establish one or more committees, each of which shall consist of two or more directors, under such terms and with such powers as shall be specified in such resolution.

ARTICLE VI.
Officers

A. *Number and Election.* The officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also elect one or more additional Vice Presidents, Assistant Secretaries and Assistant Treasurers. All officers shall be elected at the annual meeting of the Board by a majority of those Board members present including newly-elected members, and said officers shall hold office at the pleasure of the Board for a term of one (1) year or until their successors shall have been elected and qualified. Where a vacancy occurs in an office, it shall be filled by the Board for the unexpired term. Any two or more offices, except the offices of President and Vice President or President and Secretary, may be held by the same person.

B. *President.* The President shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Board of Directors, shall have the power to transact all of the usual, necessary and regular business of the Corporation as may be required and, with such prior authorization of the Board as may be required by these Bylaws, to execute such contracts, deeds, bonds and other evidences of indebtedness, leases and other documents as shall be required by the Corporation; and, in general, the President shall perform all such other duties incident to the office of President and chief executive officer and such other duties as may from time to time be prescribed by the Board of Directors.

The President shall not have the power to borrow any funds on behalf of the Corporation, make any expenditures on behalf of the Corporation which are, in the aggregate, more than 5% in excess of the total amount of the Corporation's budget, or increase the amount of or levy any Assessment (except a Special Assessment), without the prior approval of the Board.

The President may appoint such assistants as he deems necessary and appropriate. No compensation shall be paid to any assistant except as provided in the budget of the Corporation or as otherwise approved by the Board.

Any right or power herein given or delegated to the President which cannot be exercised by the President, whether by reason of law, or otherwise, shall be deemed to be a right or power to be exercised by the Board.

C. *Vice President.* The Vice President shall act as chief executive officer in the absence of the President and, when so acting, shall have all the power and authority of the President. Further, the Vice President shall have other and further duties as may from time to time be assigned by the Board of Directors.

D. *Secretary.* The Secretary shall record and preserve the minutes of the meetings of the Board of Directors and all committees of the Board, shall cause notices of all meetings of the Board of Directors and committees to be given, and shall perform all other duties incident to the office of Secretary or as from time to time directed by the Board of Directors or by the President.

E. *Treasurer.* The Treasurer shall have charge and custody of and be responsible for all funds of the Corporation, shall deposit such funds in such bank or banks as the Board of Directors may from time to time determine, and shall make reports to the Board of Directors as requested by the Board. The Treasurer shall see that an accounting system is maintained in such a manner as to give a true and accurate accounting of the financial transactions of the Corporation, that reports of such transactions are presented promptly to the Board of Directors, that all expenditures are presented promptly to the Board of Directors, that all expenditures are made to the best possible advantage, and that all accounts payable are presented promptly for payment. The Treasurer shall further perform such other duties incident to the office and as the Board of Directors or the President may from time to time determine.

F. *Removal and Resignation.* Any officer may be removed, with or without cause, by the vote of a majority of the entire Board of Directors at any meeting of the Board or by the vote and approval of the Members. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Any such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

ARTICLE VII. General Provisions

A. *Contracts, Etc., How Executed.* Except as these Bylaws otherwise provided or restricted, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and, unless so authorized, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount unless in the ordinary course of business.

B. *Loans.* Unless in the ordinary course of business, no loans shall be contracted on behalf of the Corporation and no negotiable paper shall be issued in its name, unless and except as authorized by the Board of Directors in accordance with the provisions of these Bylaws. To the extent so authorized, any officer or agent of the Corporation may effect loans and advances at any time for the Corporation from any bank, trust company, or other institution, or from any firm, corporation or individual, and for such loans and

advances may make, execute and deliver promissory notes, bonds or other evidences of indebtedness of the Corporation, and when authorized as aforesaid, may pledge, hypothecate or transfer any and all stocks, securities and other personal property at any time held by the Corporation as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, and to that end may endorse, assign and deliver the same.

C. *Deposits.* All funds of the Corporation shall be deposited from time to time to the credit of the Corporation with such banks, bankers, trust companies or other depositaries as the Board of Directors may select or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may be delegated from time to time by the Board of Directors.

D. *Checks, Drafts, etc.* All checks, drafts or other orders for the payment of money, notes, acceptances or other evidence of indebtedness issued in the name of the Corporation, shall be signed by the President, or in the President's absence by the Vice President, or the Treasurer or such officer or officers, agent or agents of the Corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors in accordance with the provisions of these Bylaws. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositaries may be made without countersignature, by the President, Vice President or Treasurer, or by any other officer or agent of the Corporation to whom the Board of Directors, by resolution, shall have delegated such power, or by hand-stamped impression in the name of the Directors.

E. *General and Special Bank Accounts.* The Board of Directors from time to time may authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositaries as the Board of Directors may select and may make such rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as they may deem expedient.

ARTICLE VIII. Amendments

These Bylaws may be amended by a majority vote of the Board of Directors or by Majority vote of the Members.

**ARTICLE IX.
Corporate Seal**

The Board of Directors may elect to adopt a corporate seal, which (if one is adopted) shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Kansas".

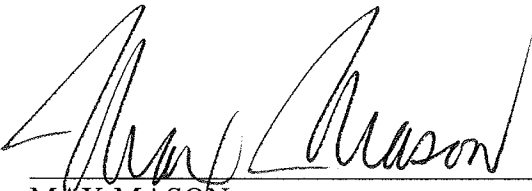
**ARTICLE X.
Fiscal Year**

The fiscal year of the Corporation shall begin January 1 and end December 31.

**ARTICLE XI.
Indemnification**

Each person who is or was a director or officer of the Corporation, including the heirs, executors, administrators, or estate of such person, shall be indemnified by the Corporation to the full extent permitted or authorized by the laws of the State of Kansas, as now in effect and as hereafter amended, against any liability, judgment, fine, amount paid in settlement, costs and expenses including attorney's fees, incurred as a result of any claim arising in connection with such person's conduct in his or her capacity, or in connection with his or her status, as a director or officer of the Corporation. The indemnification provided by this Bylaw provision shall not be exclusive of any other rights to which he may be entitled under any other Bylaws or agreement, vote of disinterested directors, or otherwise, and shall not limit in any way any right that the Corporation may have to make different or further indemnification with respect to the same or different person or classes of persons.

Adopted June 24, 1997.



MAX MASON