

BYLAWS

OF NORTHWOOD TRAILS HOMES ASSOCIATION, INC.

Northwood Trails Homes Association, Inc. has been formed as a Corporation Not for Profit under the Laws of the State of Kansas to act as the Northwood Trails 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.* The definitions set forth in these Bylaws shall take precedence and control over any definitions or inferences prior to the date of the last amendment of these Bylaws, whether such definition appears in the Deed Restrictions or elsewhere. The members intend these Bylaws to clarify and give further meaning and effect to the Deed Restrictions so as to promote the most reasonable and practical construction in the event of any ambiguity.

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

SECTION 4. *Voting Rights.* The Association shall have one class of voting membership. All owners shall be entitled to one vote for each dwelling owned. When more than one person holds an interest in any dwelling, all such persons shall be members; however, in no event shall more than one vote be cast with respect to any one dwelling. Notwithstanding anything in these Bylaws to the contrary, no member is eligible to vote at any regular or special meeting of the Association called or held for any purpose if the member is delinquent in the payment of any dues or assessment.

SECTION 5. *Proxies.* Members may vote or act in person or by proxy. All proxies must be general and not limited, thereby giving the person holding the proxy the right to vote in the name of the member giving the proxy as if he or she were present and voting personally without any limitation as to new business or amendments which may be voted upon at the meeting for which the proxy was given. A separate proxy must be submitted for each meeting. Proxies shall be delivered to the Secretary before the commencement of any meeting for which the proxy is given and the Board will direct the procedure for voting and recording proxy votes as the Board may determine and announce at the meeting. 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. *Notice.* Notice to the Board, whenever required or provided for anywhere in these Bylaws, may be given as follows:

1. If the Board is in open meeting notice may be given orally at such meeting; or
2. At all other times by delivering written notice personally or by U.S. mail, postage prepaid, to the Secretary of the Association. The name and address of the Secretary shall be regularly published in the Association's newsletter and posted on the Association's website. The address for the Association's website shall also be regularly published in the newsletter.

SECTION 7. *Meetings of Members.*

A. *Annual Meetings.* The annual meeting of members of the Association for the election of members of the Board, the annual reports of officers and committees 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 annual meeting of members of the Association shall be held on a weekday in November.

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: The Board by action at a meeting; or by members entitled to exercise at least twenty-five percent (25%) of the voting power. Calls for such meetings shall specify the time, 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) nor more than sixty (60) days before the day fixed for a meeting of the members of the Association, written notice stating the time, place and purpose 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 to each member of the Association. If mailed, the notice shall be addressed to the members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, 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; At any meeting of the members of the Association the presence of members, in person or by proxy, entitled to exercise fifteen percent (15%) of the voting power of the Association shall constitute a quorum. 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 and place to which such meeting is adjourned are fixed and announced at such meeting. Except for adjourning the meeting as herein described, no other action may be taken in the absence of a quorum. Notwithstanding anything herein to the contrary, once the quorum requirement has been met at any regular or special meeting duly called and noticed, and the meeting has been commenced, the meeting shall thereafter be considered valid and duly constituted even though members may subsequently leave the meeting before it is adjourned.

E. Order of Business. A current edition of "Robert's Rules of Order" shall be used to govern all meetings of the Association's members and Board of Directors where they are not in conflict with the Bylaws, Deed Restrictions or other governing documents of the Association. 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 of 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, in person or 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 8. Actions Without a Meeting. All actions, except removal of a Board member, may be taken without a meeting 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 writings shall be filed with the Secretary of the Association.

ARTICLE II.

BOARD OF DIRECTORS

SECTION 1. *Number and Qualification.* The Board shall consist of ten (10) persons, or such other number as may be approved by an affirmative vote of not less than two-thirds (2/3) of the members of the then existing and duly elected Board. Provided, however, the Board shall consist of no fewer than eight (8) persons. Persons nominated and elected to the Board shall be both a dwelling owner and resident. Provided further, however, no person shall be nominated or eligible to serve on the Board who is not fully paid and current on all dues and assessments of the Association.

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 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 nominating committee appointed pursuant to Article IV shall be eligible for election as Board members. 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. Notwithstanding anything in these Bylaws to the contrary, members shall be permitted to vote for the election of Board members at the annual meeting by mail-in ballot even though such member does not attend the meeting. Mail-in ballots shall be prepared, distributed, returned and counted pursuant to terms and conditions to be determined by the Board and expressly set forth on the ballots. Ballots shall also be available for members not voting by mail and present at the meeting.

SECTION 3. *Term of Office, Resignations.* The term of office for each Board member shall be two (2) years. 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, and until his successor is elected or until his earlier resignation, removal from office or death. There is no limit on the total number of terms a person may serve on the Board, provided however; no person may serve more than four consecutive terms. Any Board member may resign at any time by written notice to the Secretary; 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.

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 five. *Regular Meetings.* Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Board, but at least four such meetings shall be held during each fiscal year. Notice of any regular meeting of the Board shall be given to all members of the Association by publishing the same in the Association's newsletter and also by posting notice on the organization's website. Notice of regular meetings of the Board shall be provided no less than seven (7) days in advance of the meeting.

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. Notice of the time and place of each such meeting shall be given to each Board member either by personal delivery or by mail, e-mail, fax, 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. Additionally, notice of any special Board meeting shall be given to all members of the Association by placing signs giving notice of the meeting at every entrance to Northwood Trails, by posting notice of the organization's website and by giving notice by e-mail to each member having registered his or her e-mail address with the website. The notices specified in this paragraph shall be provided no less than 48 hours prior to the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting of the Board except as provided herein.

SECTION 7. *Open Meetings.* All meetings of the Board shall be open to all members of the Association, but members other than directors may not participate in any discussion or deliberation after the first 30 minutes of any such meeting unless expressly authorized by the Board. Provided further, however, upon formal motion made, seconded and carried, the Board may recess, but not adjourn, an open meeting for a closed or executive session as hereinafter provided. Any motion to recess for a closed or executive meeting shall include a statement of (1) the justification for closing the meeting, (2) the subjects to be discussed during the closed or executive meeting and (3) the time and place at which the open meeting shall resume. Such motion, including the required statement, shall be recorded in the Minutes of the meeting and shall be maintained as a part of the records of the Board. Discussion during the closed or executive meeting shall be limited to those subjects stated in the motion.

No subjects shall be discussed at any closed or executive meeting or session, except the following:

- (1) Personnel matters of non-elected personnel;
- (2) Consultation with an attorney for the Board or Association which would be deemed privileged in the attorney/client relationship; and
- (3) Upon the approval of a majority of the Board when deemed necessary to maintain the confidentiality of financial affairs of the corporation such as discussions concerning competitive bids or prices received for proposed services or the acquisition of a capital asset.

No binding action shall be taken during closed or executive recesses, and such recesses shall not be used as a subterfuge to defeat the purposes of this Article II, Section 7.

SECTION 8. *Quorum*-A quorum of the Board shall consist of a majority of the Board of Directors then in office 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 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 9. *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 and pledge notes, bonds 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 to effectuate the exercise of its rights and powers under the Declaration of Restrictions, 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 of Restrictions or incidental thereto.

SECTION 10. *Removal of Members of the Board*. At any regular or special meeting of members of the Association duly called, at which a quorum shall be present, any one or more of the Board members, may be removed with or without cause by the vote of the members of the Association 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. Provided further, however, any Board member who is delinquent on any dues or assessments of the Association for more than thirty (30) days may be removed by a majority vote of the Board without the need for any further action by the Association.

SECTION 11. *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.

ARTICLE III.

OFFICERS

SECTION 1. *Election and Designation of Officers*. The Board shall elect a President, Vice President, Secretary, Treasurer, and Parliamentarian, each of who shall be a member of the Board. The Board may also appoint an Assistant Treasurer, 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.

SECTION 2. *Term of Office: Vacancies.* The officers of the Association shall hold office for a one (1) year term or 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. There is no limit to the total number of terms a member may hold office, provided no member shall hold the same office more than four consecutive terms. 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 or she 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 or she 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 or she 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 or she 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. *Parliamentarian.* The parliamentarian shall be charged with the responsibility of being knowledgeable about "Robert's Rules of Order" and shall decide all questions or issues regarding procedure and order at any meeting of the Board or Association. In the absence of the Parliamentarian, the Vice-president shall assume his or her responsibilities.

SECTION 8. *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 9. *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 10. *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 be 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 may appoint such other committees as it deems appropriate in carrying out its purposes, such as:

(a) **A Recreation or Social Committee** 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, Landscaping and/or Pool Committee** which shall advise the Board of 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) **A Finance Committee** which shall review and report on the annual financial statements of the Association's fiscal condition and prepare the proposed 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-official 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 of 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. Common Expenses are expenses which are not capital additions or improvements as defined in Article V, Section 2, necessary for the normal and ongoing operation and maintenance of the Association and its Common Areas 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, tuckpointing, maintaining, decorating, repairing and replacing (unless such replacement constitutes a capital addition or improvement as hereinafter defined in Section 2 below) of the Common Areas and Facilities, provided, however, except for structural maintenance and repair caused by actions of a dwelling 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 common area and facilities 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 encumbrances, which may in the opinion of the Association, constitute a lien against the Common Areas and Facilities.

SECTION 2. Capital Additions and Improvements. A capital addition or improvement is defined as an expenditure in excess of Five Thousand Dollars (\$5,000.00) for any one or more of the following purposes:

- (a) The acquisition of an asset having a useful life of more than one year which adds to the long term net worth or value of the Association or any of its other assets or properties;
- (b) An alteration, modification, addition or improvement to an existing capital asset which substantially enhances its value; and
- (c) The replacement of a capital asset.

Unless expressly described in this Article V, Section 2, capital additions and improvements do not include expenses for the maintenance, repair and operation of the Association or any of its properties or other assets permitted under Article V, Section 1. No monies, dues or assessments are to be accumulated from year-to-year for the intent of defeating the purposes of this Article V, Section 2 or in contravention of Article VI, Section 1.

Notwithstanding anything to the contrary elsewhere in these Bylaws, no indebtedness shall be incurred or expenditure made for any capital addition or improvement until and unless approved by members representing two-thirds (2/3) of the voting power present, in person or by proxy, at an annual meeting or special meeting duly called, noticed and complying with the quorum requirement pursuant to Article I, Section 6D. Capital additions and improvements shall be paid for either from reserves, if any, of the Association or by special assessment. The method of funding shall also be approved in the same manner and as part of the vote to approve the capital addition or improvement. Any proposed special assessment shall specify whether the same is to be levied as one assessment, or to be collected in more than one monthly or annual installment.

SECTION 3. Award of Contracts. The use of competitive bidding is to be encouraged by the Board and utilized whenever practical in the Board's discretion based on the vote of a majority of the Board at any meeting at which a quorum is present. Provided further, however, no capital addition or improvement for an amount in excess of Five Thousand Dollars (\$5,000.00) shall be awarded unless and until the following conditions have been met:

1. Two or more bidders were advised of the desired acquisition or work by a written request for bid;
2. Each bidder is instructed to reply with a sealed bid, or other Board-approved conveyance, by a specified "due" date;
3. At least two (2) bids must be received; and
4. The bids are opened, with the receipt acknowledged in writing together with the date thereof, in the presence of three (3) individuals.

Any change in the bid request or proposed acquisition or work is to be submitted in writing to each bidder and processed in the same manner as described above.

Any successful bidder, prior to the commencement of any work, shall be required to submit written proof of insurance, to be maintained at all times during the work, providing liability coverage for personal injuries and property damage, which may arise from the work or the contractor's operations, in sums not less than \$1,000,000.00. Successful bidders shall also be required to furnish written proof of worker's compensation coverage as may be required of an employer pursuant to the Kansas Worker's Compensation Act, as amended from time to time.

SECTION 4. 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 members. Written notice of such Rules shall be given to all members and residents in the subdivision, posted on the Association's website, 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 5. 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, the Board shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year. No less than seven (7) days before the annual meeting, each dwelling owner shall be notified in writing as to the amount of the estimated budget for the following calendar year, together with the actual expenses paid for the current year and the comparison to the budget which was approved for the current year; all with reasonable itemization thereof. The "estimated cash requirement" shall be assessed to the dwelling owners at a uniform rate for all similar dwellings. On or before March 1st of the ensuing year each member shall be obligated to pay to the Association the assessment made pursuant to this Article VI, Section 1. On or before the date of each annual meeting, the Association shall supply to all members 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 reserves shall be credited uniformly to the next assessment(s) due from members until exhausted, and any net shortage shall be added uniformly for all similar dwellings to the next succeeding assessment after rendering the accounting. All dues paid in advance by the first of February shall be credited 5% for advance payment.

SECTION 2. *Extraordinary Expenditures.* If the estimated cash requirement proves inadequate for any reason, including nonpayment of any member's assessment, such extraordinary expenditures shall be assessed to the members uniformly for all similar dwellings. The Association shall serve notice of such further assessment on all members by a statement in writing giving the amount and reasons therefore, and such further assessment shall be payable not less than thirty (30) days after the delivery or mailing of such notice or further assessment. All members 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. Provided, however, any such reserve shall not exceed a total of one hundred thousand dollars (\$100,000.00) as of January 1st of each calendar year, unless approved by an affirmative vote of a majority of voting power present in person or by proxy at an annual meeting or a special meeting called for such purpose. 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. *Failure to Prepare Annual Budget.* The failure or delay of the Association to prepare or deliver to the members the annual or adjusted estimate shall not constitute a waiver or release in any manner of such member'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 member shall continue to pay the assessment at the existing rate established for the previous period until the next assessment is due.

SECTION 4. *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 member or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such member. Upon ten (10) days notice to the Board and payment of a reasonable fee, any member shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such member to the Association.

SECTION 5. *Status of Funds Collected by Association.* All funds collected hereunder shall be held and expended solely for the purposes designated herein, and except for such special assessments as may be levied hereunder against less than all of the members 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 members in proportion to each member's percentage ownership in the Common Areas and Facilities.

SECTION 6. *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 a majority vote of the members of the Board or by ten (10%) of the members of the Association, such audit shall be made by a Certified Public Accountant.

ARTICLE VII.

GENERAL PROVISIONS

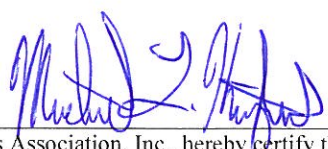
SECTION 1. *Indemnification of Board Members and Officers.* Each Board member and officer of the Association, and each former Board member and officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such Board member or officer of

the Association (whether or not he is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duty as such Board member or officer. In case of the settlement of any action, suit or proceeding to which any Board member or officer of the Association, or any former Board member or officer of the Association, is made a party or which may be threatened to be brought against him by reason of his being or having been a Board member or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a Board member or officer at the time of incurring such costs and expenses), if (A) the Association shall be advised by independent counsel that such Board member or officer did not misconduct himself or was not negligent in the performance of his duty as such Board member or officer with respect to the matters covered by such action, suit or proceeding, and cost to the Association of indemnifying such Board member or officer (and all other Board members and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such Board members and officers as a result of such settlement, or (B) disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such Board member or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially 10% or more of any class of voting securities, (iii) any firm of which such Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such Board member or officer. 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 members, by vote of a majority of a quorum of members present in person or by proxy, or by resolution duly executed by a majority of the 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.

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

I,  Michael Knight, secretary of The Northwood Trails Homeowner's Association, Inc., hereby certify that the above and foregoing Bylaws, as amended, on motion duly made and passed, were approved and adopted at the annual meeting on the 9th day of November, 2010.