

BYLAWS
OF
DEER CREEK VILLAS
HOMES ASSOCIATION, INC.

ARTICLE I

Identity

These are the Bylaws of Deer Creek Villas Homes Association, Inc., a Kansas corporation (the "Association").

For the purpose of these Bylaws, the terms specifically defined in the Deer Creek Villas Homes Association Declaration and the Deer Creek Villas Declaration of Restrictions (jointly and severally the "Declaration") shall have the same meaning herein.

ARTICLE II

Qualifications and Responsibilities of Members

The qualifications and responsibilities of Members and the manner of their admission into the Association shall be as follows:

2.1. Members. Each Owner, by virtue of such ownership, shall be a Member of this Association, and shall remain a Member until such time as such ownership ceases for any reason.

2.2. More Than One Unit Owner. When more than one person owns a Dwelling, all such Owners shall be Members of the Association, but all such Owners shall in the aggregate have only one vote.

2.3. Registration. It shall be the duty of each Owner to register the Owner's name and the address of the Owner's Dwelling with the Secretary of the Association. If an Owner does not so register, the Association shall have no duty or obligation to recognize the Owner's membership.

2.4. Prohibition of Assignment, etc., of Member's Share in Funds of Association. The share of a Member in the funds and assets of the Association cannot be assigned, pledged, encumbered, alienated or transferred in any manner except as an appurtenance to the Dwelling.

ARTICLE III

Member's Meeting and Voting

3.1. Place of Meetings. Meetings of the Association shall be held at the registered office of the Association, or such suitable places within the Overland Park, Kansas area, convenient to the Members, as may be designated from time to time by the Board.

3.2. Annual Meetings. The Members shall meet at least once a year. The annual meeting of the Members shall be held on the second Tuesday in January in each year, commencing in 1989, and if such day shall be a legal holiday, then on the next secular day following, at such time and place as is specified by the President or Secretary in the notice of such meeting; provided, that the Board, from time to time, at any regular or special meeting, may designate a different day for the annual meeting. Except as otherwise provided in Article IV hereof, at each annual meeting the Members shall elect a Board to serve until the next annual meeting and may transact any other business authorized to be transacted by the Members.

3.3. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board, and must be called by the President upon receipt of a written request for a special meeting signed by at least twenty-five percent (25%) of the Members of the Association. No business shall be transacted at a special meeting except as stated in the notice thereof.

3.4. Notices. Notice of all meetings of the Members, stating the time and place, and accompanied by a complete agenda thereof, shall be given by the President or Secretary to each Member, except those who have waived such notice, and to any mortgagees who request such notice. Notices of special meetings shall also state the purpose thereof. Such notices shall be in writing, shall be sent by United States mail to the address of the Members' respective Dwellings or to such other addresses as any Member may have designated to the President or Secretary, and shall be mailed not less than twenty-one (21) days in advance of any annual or regularly scheduled meeting and at least ten (10) days in advance of any other meeting; provided, however, that such notice may in lieu of mailing be delivered personally to any Member or mortgagee. Proof of such mailing or delivery shall be given by the affidavit of the person mailing or delivering the notice. Notice of the meeting may be waived in writing by any Member before or after such meeting. Actions taken at all meetings called without proper notice as provided by this section shall be given full force and effect if more than 50% of the Members attend the meeting and waive the notice requirement.

3.5. Attendance of Mortgagee at Meetings. Any representative of a mortgagee or deed of trust holder of a

Dwelling may attend and participate in any general or special meeting, but shall have no Vote unless granted by proxy.

3.6. Quorum. A quorum at meetings of the Members shall consist of Members present, in person or by proxy, representing at least twenty-five percent (25%) of the total votes in the Association.

3.7. Voting Power. The voting power of Members shall be based upon the Dwellings owned. A Member shall be entitled to one Vote for each Dwelling the Member owns, so long as the Member is in good standing with the Association and is not in default in paying any Assessments or in fulfilling any other obligations of a Member or Owner. When more than one person is the owner of a Dwelling, the single Vote for that Dwelling shall be cast as the Owners shall jointly determine. The Vote allocated to a Dwelling shall not be split but shall be voted as a single whole.

3.8. Manner of Casting Votes. A Vote may be cast in person or by proxy. A proxy must be in writing signed by all owners of the Dwelling and must be filed with the Secretary before the meeting. No proxy shall be in favor of a person not a Member of the Association, except that a proxy may be given to the holder of a lien on the Dwelling or to the Developer. A proxy shall be for a specific meeting including any recessed or continued session thereof.

3.9. Action by Members Without Meeting. Any action required by law to be taken at a meeting of the Members, or any action that may be taken at a meeting of the Members, may be taken without a meeting if authorization is in writing, setting forth the action taken, and is signed by two-thirds (2/3) of the Members.

3.10. Adjournment when Quorum Lacking. If a meeting cannot be organized because a quorum has not attended, the meeting shall be adjourned from time to time until a quorum is present. Notice of rescheduling need not comply with Section 3.4 hereof.

3.11. Manner of Acting. When a quorum is present at a meeting, any question brought before the meeting shall be decided by a majority of the Votes present in person or by proxy, unless express provisions of the Declarations or these Bylaws require a greater vote.

3.12. Statement of Members and Votes. At the beginning of each meeting, the Secretary, or other person designated by the presiding officer, shall certify a statement listing all Members present in person or by proxy at such meeting, the Votes of each, and the total percentage of Votes represented at the meeting.

3.13. Prohibition of Cumulative Voting. There shall be no cumulative voting.

3.14. Order of Business at Annual and Other Meetings. The order of business at the annual meetings of the Members, and, so far as is applicable and practical, at all other meetings of the Members, shall be:

- (a) Certification of Members and Votes present.
- (b) Calling of the roll.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Approval of minutes from previous meetings.
- (e) Reports of officers.
- (f) Reports of committees.
- (g) Appointment by presiding officer of judges of election.
- (h) Election of Directors for the second and subsequent Boards
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

The presiding officer may vary such order as the presiding officer deems necessary.

ARTICLE IV

Directors

4.1. First Board. The first Board shall consist of three (3) persons appointed by the Developer, and successors to such persons appointed by the Developer. The first Board and officers elected thereby shall serve until their successors have been duly elected and have qualified.

4.2. Number of Qualifications of Directors. The second and successive Boards shall consist of five (5) persons as determined by the Members. Each Board member ("Director"), except those whom the Developer is entitled to elect or appoint during the period in which the Developer shall retain control of the Homes Association as described in the Declarations shall be an Owner. The first Board of Directors, or their successors selected by the Developer, shall serve until the expiration of the period during which the Developer retains control of the Homes Association in connection with the District as described in Article XIV of the Deer Creek Villas Homes Association Declaration (the "Developer Control Period"). Upon termination of the Developer Control Period, five Directors shall be elected to serve, two for one year, two for two years and one for three years. Thereafter all terms shall be for three years with not less than one Director nor more than two of the Directors to be elected at each annual meeting.

4.3 Election of Directors.

(a) During Developer Control Period. At the first annual meeting of the Members, and at each subsequent annual

meeting during the Developer Control Period, the Directors shall be elected by Developer, or persons designated by Developer; provided, however, that no later than sixty (60) days after conveyance of twenty-five percent (25%) of the Dwellings to Owners other than Developer, a regular or special meeting shall be held at which one Director who is an Owner (other than Developer) will be elected. Upon conveyance of fifty percent (50%) of the Dwellings two members of the five member Board will be elected by the Owners.

(b) After Developer Control Period. Not later than the termination of the Developer Control Period, the Directors shall be elected by the Members. In order to assure that Directors will be so elected, a regular or special meeting of the Members shall be held prior to such termination, to elect persons, effective upon such termination, who shall become Directors upon such termination.

(c) Votes Required. Directors shall be elected by a majority of the Vote. At each meeting at which there is to be an election of Directors, the Members shall first adopt a resolution establishing the number of Directors to be elected at such meeting. In order to provide continuity on the Board not more than two members of the Board shall be replaced at any annual election except for cause.

4.4. Term. The term of each Director after the first annual election by the Members shall be for three years, and until that Directors' successor has been duly elected and has qualified.

4.5. Removal. Any member of the Board may be removed, with or without cause, by a vote of the Members entitled to cast at least sixty-seven percent (67%) of the Votes in the Association, at a regular or special meeting called for such purpose, and a successor may then and there be elected by the Members to serve for the balance of the predecessor's term. Any Director on the first Board, and any Director on any subsequent Board whom Developer appointed or elected, may be removed and replaced at any time, and from time to time, only by act of Developer, with or without cause.

4.6. Vacancies. Any vacancy in the Board arising out of the removal, death, or resignation of a Director appointed or elected by Developer shall be filled only by appointment made by Developer. Any other such vacancy in the Board shall be filled by act of the remaining Directors, whether or not they constitute a quorum, and a Director so elected shall serve for the unexpired term of the predecessor in office.

4.7. Organizational Meeting of Newly Elected Board. The organizational meeting of a newly elected Board shall be held within ten (10) days of its election, at such time and place as shall be fixed by such Directors at the meeting at which they

were elected, and no further notice of such organizational meeting shall be necessary, providing a quorum shall be present.

4.8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day designated for such meeting, unless such notice is waived. All Board meetings shall be open to the Members. At least one regular Board meeting shall be held annually.

4.9. Special Meetings. Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of two (2) Directors. Not less than three (3) days' notice of such special meeting shall be given personally or by mail, telephone, or telegraph; provided, however, in case the President or any Director determines that an emergency exists, then a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice thereof.

4.10. Waiver of Notice. Any Director may waive, in writing, notice of a meeting, either regular or special, before or after such meeting, and such waiver shall be deemed equivalent to the giving of notice.

4.11. Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board.

4.12. Adjournment When Quorum Lacking. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice. If a Director signs the minutes of a meeting, such signing shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

4.13. Manner of Acting. Each Director shall be entitled to one (1) vote, and the act of a majority of the Directors present at a meeting at which a quorum is present shall constitute the act of the Board unless the act of a greater number is required by these Bylaws, the Declaration, or express provisions of applicable law.

4.14. Board Action Without Meeting. Any action required by law to be taken at a meeting of the Board or any action that may be taken at a meeting of the Board, may be taken without a

meeting if a consent in writing, setting forth the action so taken, is signed by all Directors.

4.15. Presiding Officer. The presiding officer at meetings of the Board shall be the President. In his absence the Directors present shall designate one of their number to preside.

4.16. Compensation of Directors Restricted. Directors shall receive no compensation for their services, but upon approval of the Board may be paid for out-of-pocket expenses incurred in the performances of their duties as Directors.

4.17. Powers and Duties of Board. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, the Declarations, and these Bylaws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, and Bylaws, and shall include, but not be limited to, the following:

(a) To elect and remove the officers of the Association.

(b) To prepare and provide to members annually a written report containing at least the following:

(i) A statement of any capital expenditures in excess of two percent (2%) of the current budget or Five Thousand (\$5,000.00) Dollars, whichever is greater, anticipated by the Association during the current year or succeeding two (2) fiscal years.

(ii) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.

(iii) A statement of the financial condition of the Association for the last fiscal year.

(iv) A statement of the status of any pending suits or judgments to which the Association is a party.

(v) A statement of the insurance coverage provided by the Association.

(vi) A statement of any unpaid Assessments due and payable to the Association, identifying the Dwellings and the amount of the unpaid Assessments.

(c) To adopt and amend budgets and to determine, establish, and collect Assessments against members to pay the Common Expenses and other costs described in the Declarations.

(d) To use the proceeds of Assessments in the exercise of its powers and duties.

(e) To maintain, repair, replace, and operate the Common Areas, and to construct additional Facilities if the same are advisable.

(f) To maintain, restore, replace, and repair the Structures as provided in the Declarations.

(g) To establish and amend rules and regulations for use of the Common Areas and to establish penalties for infraction thereof.

(h) To enforce the provisions of the Declarations, these Bylaws, and the rules and regulations established by the Board or Association, including recovery of monetary penalties and injunctions, and including purchase of Dwellings, in the name of Association, at foreclosure or other judicial sale.

(i) To obtain and maintain insurance as provided in the Declarations.

(j) To contract for management of the District, if the same is necessary or advisable, and to delegate to the manager such powers and duties as the Board shall determine, except such as are specifically required by the Declaration of these Bylaws, to be done by the Board or the Members, provided that no such contract shall be entered into for a period exceeding one (1) year and shall provide, at a minimum, that it shall be terminable by the Association, for breach of the same by the manager, upon thirty (30) days written notice.

(k) To employ personnel for reasonable compensation to perform the services required for proper administration of the Association and for proper care and maintenance of the Common Areas and the Dwellings.

(l) To pay all Common Expenses.

(m) To contract for such services for the District as the Board deems necessary or desirable.

(n) To bring, prosecute, defend, settle and intervene in actions and lawsuits for and on behalf of itself, or (in the discretion of the Board) on behalf of two (2) or more Members, with respect to any cause of action relating to the District or to more than one Dwelling. All costs and expenses incurred in connection with any such action or lawsuit, including settlement thereof, not paid by the opposing party or parties or the members benefited thereby, shall be Common Expenses.

(o) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.

(p) To purchase equipment, supplies, and materials as may be necessary or desirable in connection with the performance by the Association of its duties under the Declarations or these Bylaws.

(q) To perform such other acts as may be delegated to the Association or Board by applicable statutes, the Declarations, or these Bylaws, and to perform such other acts as may be incidental to or necessary in the performance of the foregoing.

(r) To borrow money for the repair, replacement, maintenance and reconstruction of Common Areas, and to pledge and pay assessments, and any and all other revenue and income for such purpose.

(s) To buy Dwellings, in foreclosure of an assessment or other lien or at any other time or for any other reason and to sell, lease, mortgage, and otherwise deal in Dwellings from time to time owned by the Association.

(t) To impose from time to time, and collect, reasonable rates, fees and charges for the use, rental or operation of the Recreational Facilities and other amenities.

(u) To grant leases, licenses and concessions not to exceed one (1) year, and to grant utility easements and rights-of-way through and over the Common Areas.

(v) To impose and collect reasonable charges, including attorneys' fees, for the evaluation, preparation and recordation of amendments to the Declarations, and statements of unpaid assessments.

(w) To provide for indemnification of the Association's officers and directors and maintain officers' and directors' liability insurance.

(x) To assess against any Owner who fails or refuses to make any payment of the assessments when due, the amount thereof, together with a late charge of Ten Dollars (\$10.00) per month after the date on which the payment becomes due, plus such interest on unpaid amounts as the Board may determine.

(y) To assess and levy, after notice and an opportunity to be heard, reasonable fines for violations of the Declarations, these Bylaws, or the rules and regulations of the Association.

ARTICLE V

Officers

5.1. Designation of Officers. The officers of this association shall be a President, a Vice-President, a Secretary, an Assistant Secretary, and a Treasurer. Each officer, except the Assistant Secretary and except those who hold office pursuant to Section 5.3 beyond their term as Director, shall be a member of the Board. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Association. The Association may retain a non-voting officer who may hold the position of Assistant Secretary and who may be paid for performing administrative and ministerial duties for the Association and the Board.

5.2. Election of Officers. Each officer of the Association shall be elected at the organizational meeting of the Board as provided in Article IV hereof, except that the first Board of Directors shall elect its officers as soon as practicable after filing of the Declarations.

5.3. Term. Each officer shall serve until the next meeting at which Directors are elected after the organization meeting at which the officer is elected.

5.4. Removal. Any officer may be removed, with or without cause, and without notice, by a unanimous vote of the other Directors at any meeting of the Board.

5.5. Vacancy. Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of the predecessor in office.

5.6. Powers and Duties of Officers.

(a) President. The President shall be the chief executive officer of the Association. The President shall have all of the powers and duties that are usually vested in the office of the President of a corporation, including, but not limited to, the duty to preside at all meetings of the Board and of the members, and the general supervision over other officers in the management of the business and affairs of the Association. The President shall see that all actions and resolutions of the Board are carried into effect.

(b) Vice-President. The Vice-President shall, in the absence of the President, perform the duties and functions of the President, and shall perform such duties as may be delegated by the President.

(c) Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the Members. The Secretary shall give and serve all notices to the Members and Directors and all other notices required by law. The Secretary shall keep the records of the Association, except those of the

Treasurer, and shall perform all other duties incident to the office of a secretary of a corporation, and as may be required by the Directors or the President. The Secretary shall hold copies of the Bylaws, and the Declarations and any rules promulgated for the Deer Creek Villas.

(d) Assistant Secretary. The Assistant Secretary shall perform such duties of the Secretary as shall be assigned by the Secretary or President, and in the absence of the Secretary shall perform the duties and functions of the Secretary.

(e) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities and evidences of indebtedness. The Treasurer shall keep the books of the Association in accordance with good accounting practices and principles, and shall submit them, together with all vouchers, receipts, records, and other papers to the Directors for their examination and approval, as often as they may require. The Treasurer shall deposit all moneys and other valuable effects in the name of or to the credit of the Association in such depositories as may be designated from time to time by the Board, shall disburse the funds of the Association as ordered by the Board, and shall perform all other duties incident to the office of a Treasurer of a corporation. If a managing agent or manager be employed, the Board may designate some or all of the foregoing functions to the manager, subject to overseeing control by the Treasurer.

5.7. Execution of Agreements, etc. All agreements, contracts, deeds, mortgages, or other instruments shall be executed by any two (2) officers, or by such other person or persons as may be designated from time to time by the Board.

5.8. Compensation of Officers Restricted. No officer of the Association shall receive compensation for his services in such capacity, but may be reimbursed for out-of-pocket expenses as may be approved by the Board.

5.9. Additional Officers. The Board may from time to time elect such other officers and designate their powers and duties at their discretion when they find to be required or desirable to manage the affairs of the Association. Such additional officers need not be Directors, but must be members of the Association.

5.10. Availability of Documents for Inspection. (a) The following documents shall be made available for inspection by Owners or by holders, insurers and guarantors of first mortgages secured by the Dwellings during normal business hours: The Bylaws, the Declarations, and any rules promulgated for the Deer Creek Villas (all to be held by the Secretary) and the books, records, and financial statements for Deer Creek Villas (held by the Treasurer).

(b) The Association shall provide (during normal business hours) a statement sworn by the Treasurer of the Association for the preceding fiscal year if the holder, insurer or guarantor of any first mortgage secured by a Dwelling submits a prior written request for the sworn statement.

ARTICLE VI

Directors' and Officers' Indemnity

The Association shall indemnify every Director and Officer, his heirs and successors, against all loss, cost and expense, including attorney's fees and expenses, reasonably incurred by the Director or Officer, and not covered by insurance, in connection with any legal claim or proceeding to which the Director or Officer may be a party by reason of being or having been a Director or Officer of the Association, except in cases where the Director or Officer is adjudged guilty of gross negligence or willful misconduct. In the event a legal claim or proceeding is settled, indemnification will be made only if legal counsel to the Association advises the Board that the person was not guilty of gross negligence or willful misconduct. All expenses incurred in such indemnification shall be Common Expenses of the Association.

ARTICLE VII

Fiscal Management

7.1. Depository. The depository of the moneys of the Association shall be such bank or banks as from time to time shall be designated by the Board. Withdrawal of moneys from such depository shall be only by checks signed by any two (2) officers of the Association, or any other persons as may from time to time be authorized by the Board.

7.2. Records of Association. The books, accounts and records of the Association shall be open to inspection and examination by any member of the Association at all reasonable times.

7.3. Fidelity Bonds. Subsequent to the Developer Control Period fidelity bonds shall be required by the Board for each Director, officer, employee, or agent of the Association, and from any manager, trustee, contractor or other person handling or responsible for handling association funds. The amount of such bond shall be determined by the Board, but shall be not less than one and one-half (1-1/2) times the total of the estimated annual operating expenses and reserved of the Association. Such bonds shall contain an appropriate endorsement to cover persons who

serve without compensation. The premiums on such bonds shall be a Common Expense.

7.4. Payment Vouchers. Payment vouchers shall be approved by the Board unless such authority to approve the same has been delegated to any officer or manager by the Board.

7.5. Fiscal Year. The fiscal year of the Association shall be the calendar year; provided that the Directors, from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE VIII

Assessments

8.1. Obligation of Members to Pay Assessments; Amount of Levy. Until the Association levies an assessment, the Developer shall pay all accrued expenses of the Association. Thereafter, each Owner shall be severally liable for the assessments that are levied against the Owner's Dwelling.

8.2. Annual Budget and Levying of Assessments. At least once each fiscal year, beginning with the fiscal year beginning January 1, 1989, the Board shall prepare and adopt a budget for that fiscal year, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. After preparation and adoption of each such budget, the Board shall provide the assessments made against that Member's Dwelling. The assessments shall be deemed levied upon the giving of such notice. The first budget after recording of the Declarations shall be prepared and adopted by the first Board only for the balance of the then fiscal year of the Association, shall be prepared and adopted as soon as practicable after such creation. Notice of the amount of the assessment against each Dwelling for such balance of the fiscal year shall be given by the Board or Developer to each Member as soon as practicable after adoption of such assessments, and the assessments shall be deemed levied upon notice thereof given by the Board or Developer, and shall be due as provided in Section 8.4 hereof.

No capital improvement over Five Thousand Dollars (\$5,000.00) other than for upgrading the streets to public street standards, and no increase in the annual assessment by the Board in any one year of more than twenty percent (20%) over the previous year's assessment, may be made without the consent of at least sixty-seven percent (67%) of the Votes present at a meeting of the Members of the Association.

8.3. Assessment A Lien. Every assessment shall constitute a lien upon each Dwelling assessed from the date the Assessment is levied prior to all other liens except only (i) all real

estate taxes and special assessments or charges levied by governmental and taxing authorities; (ii) any deed of trust or mortgage which secures payment of funds used to purchase a Dwelling which has been filed of record prior to the date such costs, charges, expenses or assessments become delinquent; and (iii) all liens and encumbrances recorded before the recordation of the Declarations.

8.4. Payment of Assessments. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in each such notice. If no times and amounts are specified, the full assessment shall be paid in accordance with the terms of the Declarations. Payments shall be made to the Association, or as the Board may from time to time otherwise direct.

8.5. Lien after Foreclosure. When ownership of a Dwelling is transferred by foreclosure, under the remedies provided in any first mortgage or deed of trust, the lien of any unpaid assessments as to the Dwelling shall not abate, but shall remain a lien upon the Dwelling and shall become the joint obligation of the former Owner and the purchase of the Dwelling. The Dwelling and Owner acquiring title under the remedies provided in a first mortgage or deed of trust shall also be subject to the lien of assessments which become due after such transfer of title. Nothing in this paragraph shall be construed as a waiver or release of the obligation of the former Owner to pay the delinquent assessments. The Association shall have the right to pursue all remedies available to it in connection with the lien against the former Owner and the Owner acquiring title through foreclosure or other remedy.

8.6. Maintenance Fund and Reserves. All sums collected by the Association from assessments shall be accounted for as follows:

(a) Reserve Fund for Replacements. To this fund shall be credited all sums collected or set aside for the purpose of effecting maintenance, restoration and replacements of Common Areas and Recreational Facilities and Dwellings.

(b) General Operating Reserve Fund. To this fund shall be credited all sums collected to provide a reserve for purposes of providing a measure of financial stability during periods of special stress, and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.

(c) Maintenance Fund. To this fund shall be credited collections of assessments for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.

(d) Street Improvement Fund. To this fund shall be credited collections of assessments pursuant to Article IV of the Deer Creek Villas Homes Association Declaration.

8.7. Special Assessments. In addition to the assessments levied as provided in Section 8.3, the Board, in its discretion, may levy special assessments at such other and additional times as in its judgment are required for:

(a) Maintenance, repair, and restoration of the Common Areas, the Recreational Facilities and the Dwellings.

(b) Alterations, improvements, and additions to the Common Areas, Recreational Facilities and Dwellings. However, any special assessment involving the expenditure of Fifteen Thousand Dollars (\$15,000.00) or more shall be first approved by the voting Members of the Association representing at least sixty-seven percent (67%) of the total Votes in the Association present at a special meeting called for such purpose, without regard to whether a quorum is present.

(c) Costs and expenses incurred in curing defaults of a Member.

Special assessments made pursuant to this Section shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board as set out in such notice.

8.8. Common Expenses Benefiting Less than All Dwellings. Any Common Expense benefiting less than all of the Dwellings may at the option of the Board be assessed against the Dwellings benefited in proportion to their benefit.

8.9. Failure to Prepare Budget and Levy Annual Assessments; Deficiencies in Procedure. The failure of the Board to prepare or delay of the Board in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the Members' obligation to pay assessments whenever the same shall be determined and levied by the Board.

Until a new assessment is levied by the Board pursuant to Section 8.3, each Member shall continue to pay the assessment previously levied pursuant to Section 8.3 in the same amount and at the same periodic times as levied, or as the Board may otherwise advise in writing. Any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

8.10. Assessment Roll; Statement. All assessments shall be set forth upon a roll of the Dwellings, which shall be available in the office of the Association for inspection at all reasonable times by Members and their duly authorized representatives. Such

roll shall include, for each Unit, the names and addresses of the Members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to an Owner, or the Owner's authorized agent, a recordable statement setting forth the amount of unpaid assessments currently levied against the Dwelling. The statement shall be furnished within ten (10) business days after receipt of the request and shall be binding upon the Association against any third party relying on the same. No error in any such statement shall be binding upon any Owner delinquent in paying any assessments, however. For such statement a reasonable fee may be charged by the Board.

8.11. Default and Enforcement. If any assessment or installment thereof remains delinquent for ten (10) days, then that assessment, and all other assessments then a lien against that unit, may be declared by the Board to be immediately due and payable in full, with interest as determined by the Board without further notice, and may be foreclosed by the Association in the manner provided by the Declarations.

8.12. Interest on Delinquent Assessments. Assessments, or installments thereof, paid before they become delinquent, which shall be 30 days after the date on which they become due and payable, shall not bear interest. All delinquent assessments in addition to the late charges provided herein shall bear interest at the rate of interest as determined by the Board, from the date delinquent until paid. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent.

8.13. Common Expenses. The term "Common Expenses" shall mean and include all sums incurred by the Association in fulfilling its obligations under these Bylaws or the Declarations, and shall include, without limitation, the following: taxes and special assessments against the Common Areas of the District until the Dwellings are separately assessed; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not charged directly to Owners; legal and accounting fees; the unpaid portion of any assessment against a Dwelling that is acquired pursuant to mortgage foreclosure, or by deed (or assignment) in lieu of foreclosure, and not required to be paid by the person acquiring the same; deficits remaining from any prior assessment period; costs of the repairing, maintaining and restoring the Common Areas, the Recreational Facilities and the Dwellings; and the cost of all fidelity bonds.

8.14. Rates, Fees and Charges. All rates, fees, charges, fines and penalties imposed by the Board against, or due from any Member or Dwelling may be collected and enforced as an assessment.

ARTICLE IX

Subdivision, Conversion, Relocation
And Alteration of Dwellings

9.1. Prohibition. No Owner may subdivide, convert, relocate the boundaries of, or alter, any Dwelling.

ARTICLE X

Compliance, Enforcement,
Fines and Penalties

10.1. Compliance. Each Owner and security holder, shall be governed by and shall comply with the terms, conditions, obligations, and provisions of the Declarations, these Bylaws, and the rules and regulations of the Association as the same may be amended from time to time.

10.2. Default and Remedies. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Declarations, these Bylaws, or the rules and regulations, as the same may be amended from time to time, by any Owner, shall be grounds for relief that may include, without intending to limit the same or to constitute an election for any action or cause of action to recover fines and penalties for such default or failure as determined by the Board, amounts due for damages, an injunction, or any combination thereof, and which relief may be sought by the Association or, if appropriate, by any one or more aggrieved members, or both. Also, if any member fails to perform any obligation under the Declarations, these Bylaws, or such rules and regulations then the Association may, but is not obligated to, perform the same for the Member's account, and for such purpose may enter upon the Dwelling, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the Dwelling owned by such defaulting member.

10.3. Notice of Default and Failure to Cure. In the event of any such default or failure, the Board shall promptly serve upon or mail to the defaulting Member, and, if reasonably possible, each first mortgagee of that Member's Dwelling, a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice, the defaulting Member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting Member, and, if reasonably possible, to each such first mortgagee, a notice specifying the time and place for such hearing. At the hearing, the Board shall

take such evidence and hear such testimony as it deems necessary or desirable.

The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting Member and, if possible, to each such first mortgagee. The hearing may be continued from time to time as determined by the Board.

All rules and regulations shall be equally and uniformly applicable to all Owners, and Dwellings, but need not be equally uniformly applicable if the Board or Association determines that such unequal or nonuniform application is in the best interest of the Association or if equal and uniform application is not practicable.

10.4. Compliance with the Declaration; Conflict; Severability. These Bylaws are established in compliance with the Declarations. Should any of the terms, conditions, provisions, paragraphs, or clauses of these Bylaws conflict with any of the provisions of the Declarations, the provisions of the Declarations shall control. If any such term, provision, limitation, paragraph or clause of these Bylaws or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

ARTICLE XI

General

11.1. Amendments. The Bylaws may from time to time be altered or amended in any respect or repealed in whole or in part, or new Bylaws may be adopted by an affirmative vote of a majority of the Members entitled to vote.

The undersigned, the duly elected and acting President of the Association, hereby certifies that the foregoing Bylaws have been duly adopted by the Association, and are in full force and effect as of the date hereof.

THE HOMES ASSOCIATION OF DEER CREEK
VILLAS

By: 
President

Dated: June 26, 1, 1989

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 20th day of April, 1989, by Shirley G. Brown, the President of THE HOMES ASSOCIATION OF DEER CREEK VILLAS an unincorporated association under the laws of the State of Kansas, on behalf of the Association.

Virginia L. Porter
Notary Public in and for Said
County and State

My Commission Expires:
February 19, 1992

Virginia L. Porter
Type, print or stamp Notary's name
below his or her signature

