

**BYLAWS
OF
STERLING HILLS HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is **STERLING HILLS HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association". The principal office of the Association shall be 740 NE Blue Parkway, Lee's Summit, Missouri 64086, but meetings of members and Directors may be held at such places within the State of Missouri, County of Jackson, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Developer and/or Declarant" shall mean and refer to SUMMIT BUILDERS, INC., a Missouri Corporation, its successors and assigns.

Section 2. "Property Owners Association" or "Association" shall mean and refer to Sterling Hills Homeowners Association, Inc., a Missouri not-for-profit corporation, its successor and assigns, which shall be incorporated on or before July 1, 1996.

Section 3. "Owner" shall mean and refer to the record Owner, whether one of more persons or entities, of a fee simple title to any Lot or Tract which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Lot" may mean either any Lot as platted, or any tract or tracts of land as conveyed, which may consist of one or more Lots, or part or parts of one or more Lots, as platted, and upon which one (1) single family residence may be erected thereon in accordance with this Declaration herein, or as set forth in the individual deeds from the Declarant, or from its successors and assigns.

Section 5. "Properties" or "District" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association as are subject to this Declaration or document prepared pursuant to this Declaration.

Section 6. "Common Properties" shall mean and refer to those areas of land designated as Common Areas on any recorded subdivision plat or survey or resurvey of the Properties and intended to be devoted to the common use and enjoyment of the members of the Association, or subject to the control thereof, together with any and all improvements that are now or may hereafter be constructed thereon. In this Declaration, Common Properties shall include, without limitation, the following:

- a) All real estate owned in fee simple by the Association evidenced by Warranty Deed or Deeds from the Declarant to the Association, recorded in the office of the Recorder of Deeds of Jackson County, Missouri.
- b) All community buildings and its yards, cabana, swimming pool, clubhouse, ponds, water courses, picnic and playground equipment, recreational facilities, structures, trees, landscaping, lighting and mechanical equipment, decorative equipment, entrance markers, island, and other improvements located upon real estate owned by the Association, or within the dedicated right-of-way of public streets abutting or extending through the Properties.
- c) All paved private drives, private streets and visitor and private parking areas, together with sidewalks, paths and the like, located upon real estate owned by the Association.
- d) All installments of central services for the benefit of more than one Owner such as television antenna, trash receptacles, mailbox stands, pipes, wires, conduits, sewers, water lines and other public utility lines and facilities situated thereon.

- e) All easements, rights and appurtenances belong thereto, necessary to the existence, maintenance and safety of the property owned by the Association and the improvements constructed thereon.
- f) All personal property owned by the Association intended for use in connection with the maintenance and operation of ponds, swimming pools, water courses, recreation facilities, buildings, structures, grounds and other facilities of the Association.
- g) All private open space reserved for private use of Owners and set aside for members of the Association in satisfaction of any Ordinance of the City of Lee's Summit, Missouri or any other County or City government requiring the same.
- h) All storm water detention facilities and appurtenances within certain storm water detention easements delineated on the plat of STERLING HILLS, FIRST PLAT or any other real property which may be added or annexed later.

Section 7. "Dwelling Unit", "Residence", or "Building" shall mean and refer to a building thereof constructed for the occupancy of one family only.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in good standing, in the Association, as set forth in Article III hereof.

Section 9. "Existing Property" shall mean and refer to the real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, as legally described above, or later added pursuant of Article II below. Any such real property added or annexed later shall be deemed "Existing Property."

Section 10. "Declaration" shall mean this Second Declaration of Covenants, Conditions and Restrictions as filed for record with the Recorder of Deeds for Jackson County, Missouri, which may from time to time be amended according to its terms.

Section 11. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association as such Articles of Incorporation may be from time to time amended.

Section 12. "ByLaws" shall mean the ByLaws of the Association as originally adopted and as from time to time amended.

Section 13. "Annual Assessment" as used herein shall be deemed to mean the assessment against each Lot within the Property which is determined each year by the Directors of the Association.

Section 14. "Special Assessment" as used herein shall be deemed to mean an assessment against a particular Lot within the Property which is passes and/or approved by the Directors and arises out of the action or absence of action by in respect to the Owner of that particular Lot.

Section 15. "Capital Assessment" as used herein shall mean any assessment as approved by the Association Directors for and in respect to an improvement, amenity, renovation or repair, having a reasonable expected useful life in excess of five (5) years.

Section 16. "Common Expenses" as used herein shall mean:

- (1) all expenses of administration (including but not limited to maintenance, operation, repair, replacement, cleaning, improvement or other expenses incurred in connection with the Common Properties within the Property and portions of the Lots owned or to be maintained by the Association, including assessments in connection with easements appurtenant to the Lots and Common Properties);
- (2) expenses declared to be common expenses by provisions of this Declaration or the ByLaws, including taxes assessed against the Property or the Association and expenses for insurance;
- (3) any valid charge against the Property or the Association as a whole;
- (4) any reserves established by the Directors.

Section 17. "Directors" and "Officers" as used herein shall mean the Directors and Officers of the Association as duly elected or appointed according to the terms of the ByLaws and Articles of Incorporation and shall also mean their designees except where context prohibits.

Section 18. “Board” as used herein shall be deemed to mean the Association’s Board of Directors, and except where context prohibits, shall also be deemed to mean the Board’s designee.

Section 19. “Members qualified to cast a vote” or “total votes of the Membership” shall be deemed to mean that total of votes after multiplying Declarant’s votes times its number of Lots as set out in Article III, Section 2. For purposes of determining the number of votes any Member may have, it shall be deemed that such Member has only one (1) vote for each Lot upon which a residence has been constructed.

Section 20. “District” as used in this agreement shall mean all of the lots shown on said plat of STERLING HILLS, FIRST PLAT (hereinafter “STERLING HILLS”). If or when other land shall, in the manner hereinafter provided for, be added to that described above, then the term “District” shall thereafter mean all land which shall from time of time be subjected to the terms of the Declaration and subsequent Declarations or Agreements including any further modifications thereof. The Developer/Declarant may add additional land to the District to be subject to these Declarations of Covenants, Conditions, and Restrictions of STERLING HILLS, FIRST PLAT.

Section 21. “Street” shall mean any street, road, drive or terrace of whatever name is shown in the plat of STERLING HILLS, FIRST PLAT.

Section 22. The word “Outbuilding” shall mean an enclosed or unenclosed covered structure, not directly attached to the residence to which it is appurtenant.

Section 23. The word “Tract” shall mean any area identified by a letter of the English alphabet or as otherwise identified and shown on said Plat.

Section 24. The term “Improved Property” as used herein shall be deemed to mean a single tract under a single ownership and use, and on which tract a residence has been erected or is in the process of erection or on which any other building not in valuation of the restrictions, then of record, is erected or is in the process of erection. Any such tract may consist of one or more contiguous Lots or part or parts thereof. Any other land covered by this agreement shall be deemed to be vacant and unimproved.

Section 25. The term “Public Places” as used herein shall be deemed to mean all streets.

Section 26. The term “Owners” as used herein shall mean those persons or entities owning land from time to time within the District.

Section 27. The term “Dog Run” as used herein shall mean a pen made of chain link fences walls, and a concrete slab floor, that is nor more than 75 square feet in size.

Section 28. The term “Main Floor Area” and “Ground Floor Area” and “Total Area” as used herein shall mean floor area excluding any finished basements or finished recreation rooms on garage or basement levels.

ARTICLE III **MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION** **WHEN IT IS INCORPORATED**

Section 1. *Qualification for Membership.* Every Owner of Lot which is subject to this Declaration shall be a member of the Association after it is incorporated. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation. Membership shall be appurtenant to, and may not be separated from ownership of any Lot subject to this Declaration. Ownership of such Lot shall be the sole qualification for membership.

Section 2. *Classes of Voting Membership.*

Class A. Class A Members shall be all Owners of Lots, with the exception of Declarant, and shall be entitled to one (1) votes for each Lot owned. When more than one person holds an interest in any Lot, all

such person shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. Class B Members shall be the Declarant, or his assigns, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of the following, whichever occurs first:

- (a) on July 1, 2000, or
- (b) upon written notice by the Declarant to the ownership that he intends to terminate said status.

Section 3. *Special Meetings and Annual Meetings of the Members, Quorum and Notice Requirements.*

- (a) Annual meetings of the Members of the Association shall be held at the office of the Association on the fourth Wednesday in the month beginning in July of 1996, or on the year of incorporation if it is sooner, and each year thereafter at 7:30 p.m. unless changed by the ByLaws provided that, if such day shall fall on a national holiday, then the next weekday thereafter. Written notice of such meeting or statement of business to be transacted shall be required, and there shall be a quorum requirement in respect to an annual meeting as stated in the ByLaws.
- (b) Special meetings of the Members of the Association may be called by the President of the Association, the Association's Board of Directors, or upon written request to the Association's Secretary by Members being entitled to cast one-fourth (1/4) of the membership's votes. Written or printed notice of a special meeting shall be delivered not less than fifteen (15) days nor more than sixty (60) days before the date of the meeting either by mail or personally. Such notice shall state the date and time of the meeting, its location and the business to be transacted.
- (c) Quorum requirements at any special meeting shall be prescribed in the Association's ByLaws.
- (d) At any meeting Members may vote either in person or by proxy, provided that such proxy shall be filed with the Secretary of any meeting of the membership according to the procedures for proxies as set out in the ByLaws.

ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. *Members' Easements of Enjoyment.* Subject to the provisions of Section 3 of this Article, every Member and every tenant of every Member in good standing shall have a right and easement of use and enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot and Tract;

PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions, or improvements to the Common Properties.

Section 2. *Title to the Common Properties.* The Declarant may at any time dedicate and/or convey the fee simple title of the Common Properties to the Association, subject to the terms and provisions of this Declaration, but no later than the first (1st) day of July, 1997.

Section 3. *Members Easement of Enjoyment.* Every Member shall have a right of easement of enjoyment in an to the common area and every easement shall be appurtenant to and shall pass with the title of every assessed Lot or other tract of land, except unimproved acreage not owned by the Developer subject to the following provisions:

- (a) The right of the Directors to prescribe regulations concerning the use, operation and maintenance of the common properties (including limiting the number of guest members and tenants).
- (b) The right of the Association, in accordance with its Articles and ByLaws, to borrow money for purposes of improving the common area and facilities, and as an aid thereof to mortgage said property and the rights of such mortgagee and said properties shall be subordinate to the rights of all homeowners hereunder.
- (c) The right of the Directors to prescribe regulations governing the use, operation and maintenance of the Common Properties (including limiting the number of Guest Members and Tenants).
- (d) The right of the Directors, as provided in the ByLaws, to suspend the voting rights of any member and to suspend the right of any individual to use any of the Common Properties except private open space deemed appropriate by the Directors for any period which any assessment against a Parcel or Lot

- owned by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations.
- (e) Following July 1, 1997, the right of the Directors or the Declarant to dedicate or transfer for the common benefit of the Project any part of the Common Properties to any public agency, authority or utility for such purposes and upon such condition as may be agreed on by the Directors or upon such conditions and for such purposes as may be deemed appropriate by the Declarant. Further, following July 1, 1997, such transfer or any part of the Common Properties to any public agency, authority or utility shall not be effective unless an instrument signed by Members entitled to cast 2/3 of all the eligible votes in Class A under the provisions of Article III, Section 2 has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance.
 - (f) Any Member may delegate, in accordance with the ByLaws, his right of enjoyment to the Common Properties and facilities to members of his family, his tenants or contract purchasers who reside on the Property.

ARTICLE V

DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of the Association shall initially be managed by a Board of three (3) Directors who need not be members of the Association. Hereafter at each annual meeting there shall be an elected two (2) or three (3) Directors necessary to fill out a total Board of five (5) members.

Section 2. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, by a majority vote of the members represented, his or her successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 3. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties, as approved by the Board of Directors.

Section 4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting, by obtaining written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

DIRECTORS: MEETINGS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this ByLaw, immediately after, and at the same place as the annual meeting of the shareholders. The Board of Directors may provide, by resolution, the time and place, within or without of the State of Missouri, for the holding of additional regular meetings without other notice than such resolution recorded in the Minutes of the meeting where adopted.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any three (3) Directors, after not less than three (3) days notice to each Director, or by twenty percent (20%) of the members.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations also may be made from the floor at the annual meeting of the members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the time of appointment until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but it shall not make less nominations than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. The Directors shall be elected for two (2) year terms at the annual meeting of the members. Election to the Board of Directors shall be by secret written ballot and shall be for two (2) or three (3) vacancies. At such election, the members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. In addition to any and all powers, rights and privileges granted to a Missouri not-for-profit corporation, the Association shall have the following powers and duties whenever, in the exercise of its discretion, it may deem them necessary or advisable.

- (a) To enforce, in its own name, any covenants, conditions or restrictions which may now or may hereafter be imposed upon any of the property, including, but not limited to that certain Declaration of Restrictions dated July 15, 1986, executed and recorded by Declarant. The expenses and costs of any such proceeding may be paid out of the general fund of the Association.
- (b) To provide for the plowing and removal of snow from sidewalks and streets.
- (c) To maintain, plant, care for, spray, trim, protect, and replant trees, grass, shrubs, and other landscaping on all streets in public places or in the common areas.
- (d) To provide and maintain such lights as the Association may deem advisable on streets, areas dedicated to the public or for the use of members of this Association, gateways entrances or other features.
- (e) To provide uniform rules and regulations for the collection of garbage and rubbish and for the disposal of such garbage and rubbish as is collected and to provide a uniform method for the collection and disposal of garbage and rubbish from the residences of the members.
- (f) To enforce, either in its own name or in the name of any Owner within the District, any or all building restrictions which may have been heretofore or may hereafter be imposed upon any of the land in such District, either in the form as originally placed thereon or as modified subsequently thereto; provided, however, that this right of enforcement shall not serve to prevent such changes, releases or modifications or restrictions or reservations being made by the parties having the right to make such changes, releases or modification as are permissible in the Deeds, Declarations, contracts or plats in which such restrictions and reservations are set forth, not shall it serve to prevent the assignment of those rights by the proper parties, wherever and whenever such rights of assignment exist. The expenses and cost of any enforcement proceedings shall be paid out of the general fund of the Association as herein provided for. Nothing herein contained shall be deemed or construed to prevent any owner having the contractual right to do so from enforcing in his own name any such restrictions.
- (g) To manage and control as Trustee for its Members all public improvements upon and to the land in the District, or improvements in public places, provided that such management and control of said improvements shall at all times be subject to that land and exercised by any City, Township, County and State, or any of them in which the land within the District is located.
- (h) To provide for the collection and disposal of rubbish and garbage, when adequate services of that type are not available from any public source.
- (i) To mow, care for, maintain, and remove rubbish from vacant and unimproved property and to do any other things necessary or desirable in the judgment of the officers of the Association to keep any

- vacant and unimproved property and the parking in front of any property in the District neat in appearance and in good order.
- (j) To provide for the plowing and removal of snow from sidewalks and streets, when such services are not available from any public source.
 - (k) To provide such lights as the Association may deem advisable on streets, parks, parking, pedestrian ways, gateways, entrances or other features, and in other public or semi-public places, when such facilities are not available from any public source.
 - (l) To provide for the cleaning of streets, gutters, catch basins, sidewalks and pedestrian ways, and for the repair and maintenance of storm sewers and appurtenant drainage facilities, when such services are not available from any public source.
 - (m) To erect and maintain signs for the marking of streets and safety signs for the protection of children and other persons, when such signs are not available from any public source.
 - (n) To employ duly qualified peace officers for the purpose providing such police protection as the Association may deem necessary or desirable in addition to that rendered by public authorities.
 - (o) To exercise control over such easements as it may require from time to time.
 - (p) To obtain liability insurance insuring the Association against any and all liability to the public, to any owner, or to the invitees or tenants of any owner arising out of their occupation and/or use of the Common Area. The policy limits shall be set by the Association, and shall be reviewed at least annually and increased or decreased at the discretion of the Association.
 - (q) To obtain workman's compensation insurance to the extent necessary to comply with applicable law, and any other insurance deemed necessary by the Board of Directors of the Association.
 - (r) To obtain a standard facility bond covering all members of the Board of Directors of the Association and all other employees of the Association in an amount to be determined by the Board of Directors if deemed necessary.
 - (s) To enter agreements with other Homes Associations, municipalities, political subdivisions, individuals and corporations to carry out the purposes of the Association and to provide such improvements for the benefit of the owners and members of this Association within the purview of this Declaration.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the Members, or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A Members;
- (b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration to:
 - a. to affix the amount of annual assessment of each Lot at least thirty (30) days in advance of each assessment as hereinafter provided in Article V of the Declaration;
 - b. to send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate in writing signed by an officer of the Association setting forth whether the regular and special assessments on a specified Lot have been paid and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid;
- (e) procure and maintain adequate liability insurance and to procure adequate hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may be deemed appropriate;
- (g) cause the Common Areas to be maintained;
- (h) do all other things reasonably required to manage the property and business of the Association and to accomplish the corporate purposes set forth in the Articles of Incorporation.

ARTICLE IX
COMMITTEES

Section 1. Nominating Committee. The Board of Directors shall appoint a Nominating Committee as provided in these ByLaws.

Section 2. Architectural Control Committee. The Board of Directors shall appoint an Architectural Control Committee which shall consist of three (3) members who shall serve for a term of one (1) year. A majority of the Architectural Control Committee may designate a single representative to act for it, or any individual member of the Committee may designate a representative to act for him. In the event of death or resignation of any member of the Committee, the remaining members shall have authority to designate a successor to fill such vacancy. The Committee shall perform the functions described in the Declarations. Whenever approval of the Architectural Control Committee is required by the Declaration, approval or disapproval shall be issued in writing within thirty (30) days after plans and locations have been submitted to the Committee; and if the Committee shall not have acted within such time, such failure to act shall constitute or be the equivalent of approval of such plans or locations. The applicant may appeal an adverse Architectural Review Board decision to the Board of Directors which may reverse or modify such decision by two-thirds (2/3) vote of the Directors. No appeal may be taken from a decision of Summit Builders Residential Development, the Declarant.

ARTICLE X
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held on the Fourth Wednesday in the month of July each year, beginning with the year 1996 at the hour of 7:30 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each special meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting and the purpose of the meeting. No further notice of annual meetings, other than the adoption of these ByLaws, shall be required for annual meetings, although the Secretary should use reasonable efforts to give further notice to members.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum of any action except as otherwise provided in the Articles of Incorporation or these ByLaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement of the meeting, until a quorum, as required herein, shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. If proxies shall be in writing, filed with the Secretary, and shall have been granted within eleven (11) months prior to their use. Each proxy shall be revocable upon notice in writing to the Secretary and shall automatically cease upon conveyance by the number of his Lot.

ARTICLE XI
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, Vice President, and a Secretary/Treasurer who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time, by resolution, create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless, otherwise specified, they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein.

Section 5. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices except in the case of special offices.

Section 6. Duties. The duties of the officers are as follows:

- (a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks.
- (b) Vice President. The Vice President shall act in the place and stead of the President in the event of their absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of them by the Board.
- (c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.
- (d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; prepare a statement of revenue and expenses for the quarterly Board meeting; cause an annual audit of the Association books to be made either by themselves or by a certified public accountant at the directions of the Board of Directors at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 7. Indemnification. Every Director, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including attorney's fees) actually and necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation, or inquiry of whatever nature in which he may be involved as a party or otherwise, by reason of having been and officer or member of the Association, whether or not he continues to be such Director, officer or member of the Association, at the time of the incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry, to be liable for willful misconduct or negligence towards the Association in the performance of his duties, or in the absence of such final adjudication, by determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all rights to which such personal may be entitled as a matter of law, and shall inure to the benefit of the legal representatives of each such person.

ARTICLE XII **ASSESSMENTS**

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not is shall be so expressed in any deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for maintenance and capital improvements, and such assessments to be fixed, established and collected from time to time as provided herein, and in the Declaration of Restrictions recorded pursuant hereto. The annual and special assessments, together with such interest thereon and such costs of collection thereof, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of each person who was the Owner of such property at the time the assessment fell due. The personal obligation shall not pass to its successors in title, unless assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, and in particular for the improvements and maintenance of the Property, including, by not limited to, the payment of taxes and insurance on the Common Area, repairs to, replacement of and additions to the Common Area, and for the maintenance, repair and services listed in Article X hereof, and for any other purpose which is necessary or desirable for the maintenance and improvement of the District and Common Area, or which is to be of general benefit to the Owners and occupants.

Section 3. Basis and Maximum Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment by the Board of Directors shall be Fifty (\$50.00) Dollars per Lot.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year by the Board of Directors without a vote of the membership by five percent (5%) of the current assessment;
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by no more than ten percent (10%) of the current assessment, provided any such changes shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.
- (c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for the purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of all members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments: Due Dates. After the Association comes into existence pursuant to this Declaration, the annual assessments provided for herein shall commence as to each Lot already owned by an Owner other than the Declarant, and as to all other Lots on the first day of the month following the original conveyance of each such Lot by Declarant. The first annual assessment shall be prorated according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an office of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of one percent (1%) per month. A minimum fee of One Hundred Fifty (\$150.00) Dollars shall be levied by the Association if a lien is filed. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to any lien of any first mortgage or first Deed of Trust. Sale or transfer of any Lot shall not affect the assessment lien; provided, however, that in the event of default in the payment of any obligation secured by such mortgage or Deed of Trust, such subordination shall apply only to the assessments or installments thereof which shall become due and payable prior to the sale of such property pursuant to a foreclosure of such mortgage or pursuant to power of sale under such Deed of Trust, or prior to a conveyance to the mortgagee or holder of the Deed of Trust in lieu of foreclosure. Such sale or conveyance in lieu of foreclosure shall not relieve such property from liability for any assessments or installments thereof thereafter becoming due nor from the lien of any such subsequent assessments or installments.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from assessments created herein: (a) all properties dedicated to and accepted by a local public authority; and (b) the Common Area; (c) all Lots and Property owned by and entitled to Declarant; and (d) while the Lot is entitled in the name of an approved builder, each Lot shall have the annual assessment abated for a period of six (6) months. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE XIII

BOOKS AND RECORDS

The books and records of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Articles of Incorporation and ByLaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January, and end on the 31st day of December of each year, except the first fiscal year shall begin on the date of Incorporation.

IN WITNESS WHEREOF, we, being all of the Directors of **STERLING HILLS HOMEOWNERS ASSOCIATION, INC.**, have hereunto set our hands and seals this ____ day of _____, 1995

Troy Bellah

Elvin Bellah

James Mitchell

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this ____ day of _____, 1995, before me, the undersigned Notary Public, personally appeared Troy Bellah, Elvin Bellah, and James Mitchell, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in _____, Missouri, the day and year last above written.

Notary Public

My Commission Expires:

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of Sterling Hills Homeowners Association, Inc., a Missouri not-for-profit corporation; and that the foregoing ByLaws constitute the original ByLaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this ____ day of _____, 1995.

Secretary