RESTATED AND AMENDED BYLAWS
OF
STONEBRIDGE HOMEOWNERS' ASSOCIATION

ARTICLE 1

General

Section 1.1. Office. The business address of this Association shall be 150 N. Market, Wichita, Kansas 67202, or such other address as shall be designated by the Board.

Section 1.2. Fiscal Year. The fiscal year of this corporation shall be the calendar year.

ARTICLE 2

Definitions

Section 2.1. "Articles" shall mean and refer to the Articles of Incorporation of the Association, as the same may from time to time be restated and/or amended.

Section 2.2. "Association" shall mean and refer to Stonebridge Homeowners' Association, a Kansas nonprofit corporation, its successors and assigns.

Section 2.3. "Board" shall mean and refer to the Board of Directors of the Association.

Section 2.4. "Bylaws" shall mean and refer to the Bylaws of the Association, as they may from time to time be amended, modified, supplemented and restated.

Section 2.5. "Common Area" shall mean the Common Area referenced in the Declaration, as the same is modified from time to time.

Section 2.6. "Declarant" shall mean and refer to FLKS Land Development, LLC, a Kansas limited liability company, or any assignees of all of Declarant's rights and obligations as Declarant under the Declaration.

Section 2.7. "Declaration" shall mean and refer to the Declaration Of Covenants, Conditions, Restrictions, Easements And Disclosures For Stonebridge filed at DOC# FLM-PG: 28970548 in the Sedgwick County, Kansas real estate records, including such further restatements, amendments, supplements and modifications thereto as may from time to time be recorded.

Section 2.8. "Lot" shall mean each Lot as that term is defined as such in the Declaration.

Section 2.9. "Member" shall mean any person or entity holding membership in the Association, as provided in the Declaration and these Bylaws.
Section 2.10. "Owner" shall mean and refer to the record owner, whether one or more persons
or entities, of a fee simple title to any Lot, but excluding Owners who have sold their interests under an
executory contract and are no longer in possession of their Lot; during the term of such contract, the
purchaser shall be considered the Owner hereunder.

Section 2.11. "Subdivision" shall have the meaning specified in the Declaration.

ARTICLE 3

Membership and Meetings

Section 3.1. Membership; Voting Rights; Voting Method. Membership in the Association
shall be mandatory for each Owner. All Owners shall, upon being such, be deemed to have become
Members of the Association and there shall be no other qualifications for membership. Membership in
the Association shall be appurtenant to, and shall not be transferred, assigned, pledged, conveyed,
alienated or separated from, ownership of a Lot. The voting rights of Members, including the number of
cases voted to Member(s) based on the ownership of a Lot, shall be in accordance with Section 2.2 of the
Declaration. To the extent permitted by applicable law, a Member’s right to vote may be suspended from
time to time as provided in the Declaration or these Bylaws. Members who are present in person may vote
by voice vote, show of hands, standing, or any other method for determining the votes of Members, as
designated by the person presiding at the meeting. Members may not vote by absentee ballots.

Section 3.2. Annual Members’ Meeting. The annual Members’ meeting shall be held at 7:00
p.m. on second Tuesday of November in each year, or at such other date and time as is designated by the
Board, at a location in Sedgwick County, Kansas as designated by the Board, for the purpose of electing
directors and transacting any other authorized business.

Section 3.3. Special Members’ Meetings. Special Members’ meetings shall be held whenever
called solely by the Declarant during the period of Declarant’s control. Following the period of Declarant’s
control, the President, or a majority of the Board, may call a special Member’s meeting and such a meeting
must be called by the President upon receipt of the written request from Members entitled to cast ten percent
(10%) of the votes of the entire membership.

Section 3.4. Notice of Members’ Meetings. Notice of all Members’ meetings, stating the time
and the place where the meeting is to be held and the purpose or purposes for which the meeting is called,
shall be given by an officer of the Association. Such notice shall be in writing to each Member at his
address as it appears on the books of the Association, shall be emailed or mailed, postage prepaid, or
delivered to him, except in emergency circumstances, not less than ten (10) nor more than sixty (60) days
prior to the date of the meeting and shall include a general statement of any proposed Declaration or Bylaws
revisions, any budget proposals or changes, and any proposal to remove an officer or director, if such
matters will be considered at such meeting. Notice of any meeting may be waived in writing, either before
or after said meeting.

Section 3.5. Method of Notice. Any notice required to be given hereunder shall be delivered
by (i) hand delivery to each Member; (ii) hand delivery, United States mail postage paid, or
commercially reasonable delivery service to the mailing address of each Lot; (iii) electronic means, if the
Member has given an electronic address; or (iv) any other method reasonably calculated to provide notice
to the Member. The ineffectiveness of a good faith effort to deliver notice by an authorized means does not invalidate action taken at or without a meeting.

Section 3.6. Quorum: Necessary Votes. The holders of a majority of the votes of all of the Members entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Members except as otherwise provided by statute or by the Articles. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. The acts approved by a majority of votes cast at a meeting duly called hereunder shall constitute the acts of the entire membership, except where approval of a greater number is required by applicable law.

Section 3.7. Proxy. Votes may be cast at any Members' meeting either in person or by proxy. Proxies may be made by any person entitled to vote, shall be valid for only the particular meeting designated therein, and must be filed with an officer of the Association in attendance at such meeting before the vote of a matter is undertaken by the Members in attendance. Votes allocated to a Lot may be cast pursuant to a directed or undirected proxy duly executed by the Owner(s). If any Lot is owned by more than one (1) person or entity, each Owner of the Lot may vote through a duly executed proxy. An Owner may revoke a proxy given hereunder only by actual notice of revocation given to the person presiding over a meeting of the Association. A proxy is void if not dated or purporting to be revocable without notice. A proxy shall be valid only for the meeting at which it is cast or any recess session of that meeting. A person, other than a member of the Board, may not cast undirected proxies representing more than fifteen percent (15%) of all of the votes in the Association.

Section 3.8. Action Without Meeting By Written Ballot. Any action which under the provisions of these Bylaws or the Kansas nonprofit corporation laws may be taken in a meeting of the Members, may also be taken without a meeting and without prior notice if:

A. A written ballot is distributed to each Member entitled to vote that provides an opportunity to specify approval or disapproval of each order of business proposed to be acted upon by the Association and a reasonable amount of time (with ten (10) days being deemed reasonable) for the Member to return the ballot to the Association;

B. The number of ballots cast by eligible voting Members within the time period specified equals or exceeds the quorum, if any, required to be present at a meeting authorizing such action; and

C. The number of approvals by eligible voting Members equals or exceeds the number of votes that would be required to approve such action at a meeting at which the total votes cast was the same number as the number of ballots returned to the Association.

All ballot solicitations shall (i) indicate the number of responses needed to meet the quorum required, if any, (ii) state the approvals necessary to pass the election, (iii) specify the time and date by which a ballot must be delivered to the Association to be counted, and (iv) describe the time and date by which Members wishing to deliver information to all Members regarding the subject of the vote may do so.
The ballot solicitation must specify the time by which the ballots must be received in order to be counted, and that the ballots received in the specified time will be cast in accordance with the choices specified by the Member casting the ballot. A ballot is not revoked after delivery to the Association by death or disability or attempted revocation by the person that cast that vote.

Section 3.9.  **Removal of Directors and Officers.** Members present in person or by proxy, at any meeting of the Members at which a quorum is present, may remove any director and any officer elected by the Members, with or without cause, if the number of votes cast in favor of removal exceeds the number of votes cast in opposition to removal, but: (i) a director appointed by the Declarant may not be removed by a Member vote during the period of Declarant’s control pursuant to Section 5.1 below; (ii) if a director may be elected or appointed pursuant to the Declaration by persons other than the Declarant or the Members, that director may be removed only by the person that elected or appointed that director; and (iii) the Members may not consider whether to remove a director or an officer elected by the Members at a meeting of the Members unless that subject was listed in the notice of the meeting. At any meeting at which a vote to remove director or an officer is to be taken, the director or officer being considered for removal must have a reasonable opportunity to speak before the vote.

Section 3.10.  **Opportunity to Comment.** Owners must be given a reasonable opportunity at any meeting of the Association to comment regarding any matter affecting the Association, subject to such reasonable limitations as may be imposed by the person presiding at such meeting.

ARTICLE 4

**Directors’ Election, Meetings, Compensation**

Section 4.1.  **Number.** During the period of Declarant’s control, the Board shall consist of the number of persons designated by Declarant and thereafter shall consist of at least three (3) persons but not more than seven (7) persons, who need not be Members, the exact number to be fixed and determined by the Members, with full authority in the Members to vary said number at any time and from time to time.

Section 4.2.  **Nominating Committee Nominations.** Following the period of Declarant’s control, nominations for election to the Board may be made by a committee (the “Nominating Committee”), which shall consist of the President and two Members of the Association who shall be appointed by the Board. The Nominating Committee may be appointed by the Board prior to each annual meeting of the Members, to serve during such annual meeting and until the next annual meeting or until its successors shall have been duly designated and qualified. Members of the Nominating Committee shall be announced at each annual meeting of the Association. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies to be filled.

Section 4.3.  **Election, Vacancies and Removal.** Following the period of Declarant’s control, the election, removal and replacement of directors shall be governed by the following:

A.  Directors shall be elected by written ballot of the Members and by plurality of the eligible votes cast at the annual meeting (or special meeting, if applicable) of the Members of the Association. At such meeting, 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.
B. Except as to vacancies created by the removal of directors by Members following the period of Declarant's control, vacancies in the Board occurring between annual meetings of Members shall be filled by the remaining directors.

C. Following the period of Declarant's control, any director may be removed by the vote of a majority of the eligible votes cast, in person or by proxy, at a special meeting of the Members called for that purpose. Any vacancy in the Board so created shall be filled at that same meeting according to the procedures contained in subparagraph A of this Section.

Section 4.4. **Term.** Following the period of Declarant's control, each director's term of service shall extend to the next annual meeting of the Members following his election and thereafter until a successor is duly elected and qualified or until his earlier death, resignation or removal; provided that whenever there are two or more persons on the Board, the Board may require that directors serve staggered terms of one, two or three years and shall begin implementation of the same at the next following annual meeting of the Association.

Section 4.5. **Organizational Meeting.** Following the period of Declarant's control, the organizational meeting of each newly elected Board shall be held as soon as reasonably possible after its election, at such place and time as shall be fixed by those directors present at the meeting at which they were elected.

Section 4.6. **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; provided, subject to Section 4.20 below, that, after period of Declarant's control, the Board shall meet at least twice per year and provided further, after such period of Declarant control, the Board shall meet at least once per year. All regular meetings of the Board and must occur within the Subdivision, or a place convenient to the Subdivision community. Unless the meeting is either an emergency or has been included in a schedule given to the Members, notice of regular meetings shall be given to each director and Member at least ten (10) days prior to the date set for such meetings.

Section 4.7. **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 one-third (1/3) of the directors. Not less than three (3) days notice of the meeting shall be given to each director and Member personally or by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting.

Section 4.8. **Waiver of Notice.** Any director or Member may waive notice of a meeting, before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

Section 4.9. **Open Meetings; Executive Sessions.** All meetings of the Board and committees of the Association must be open to the Members except during executive sessions. The Board and those committees may hold an executive session only during a regular or special meeting. No final vote or action may be taken during an executive session. An executive session may be held only to: (i) consult with the association’s attorney concerning legal matters; (ii) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings; (iii) discuss labor or personnel matters; (iv) discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the association at a disadvantage; or (v) prevent public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate the privacy of any person.
Section 4.10. **Quorum.** A quorum at directors' meetings shall consist of a majority of the entire Board. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board, except where approval by a greater number of directors is required by the Declaration, these Bylaws or applicable law.

Section 4.11. **Adjourned Meetings.** If at any meeting of the directors there 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 adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.12. **Informal Gatherings.** For purposes of this Article, a gathering of Board at which the directors do not conduct Association business is not a meeting of the Board. The Board and its members may not use incidental or social gatherings of Board members or any other method to evade the open meeting requirements of this section.

Section 4.13. **Member Participation.** At each Board meeting, the Board shall provide an opportunity for Members to comment regarding any matter affecting the Common Area and the Association subject to such reasonable limitations as the Board shall determine to be appropriate.

Section 4.14. **Materials.** If any materials are distributed to the Board before a meeting, the Board at substantially the same time shall make copies of those materials reasonably available to Members, except that the Board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

Section 4.15. **Method of Meeting.** Unless otherwise provided herein, the Board may meet by telephonic, video, or other conferencing process if:

A. the meeting notice states the conferencing process to be used and provides information explaining how Members may participate in the conference directly or by meeting at a central location or conference connection; and

B. the process provides all Members the opportunity to hear or perceive the discussion and to comment as provided in Section 4.13.

Section 4.16. **Unanimous Consent.** Following the period of Declarant's control, the Board may act by unanimous consent only to undertake ministerial actions or to implement actions previously taken at a meeting of the Board. During the period of Declarant's control, the Board may act by unanimous consent at any time in lieu of a meeting.

Section 4.17. **Joinder in Meeting by Approval of Minutes.** The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

Section 4.18. **Presiding Officer.** The presiding officer at all directors' meetings shall be the Chairman of the Board, if such an officer has been elected; if no Chairman of the Board has been elected, the Board shall designate a person to preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.
Section 4.19. **Compensation.** No director shall receive compensation from the Association for any service he may render to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of his duties, to the extent such expenses are approved by the Board.

Section 4.20. **Action Without a Meeting.** During the period of Declarant’s control, instead of meeting, the Board may act by unanimous consent as documented in a record authenticated by all the directors. The secretary promptly shall give notice to all Members of any action taken by unanimous consent. After termination of the period of Declarant control, the Board may act by unanimous consent only to undertake ministerial actions or to implement actions previously taken at a meeting of the Board.

Section 4.21. **Validity of Actions.** Even if an action by the Board is not in compliance with this Article, it is valid unless set aside by a court. A challenge to the validity of an action of the Board for failure to comply with this Article may not be brought more than sixty (60) days after the minutes of Board meeting at which the action was taken are approved or the unanimous consent in lieu of a meeting is executed or the record of such action is distributed to Members, whichever is later.

**ARTICLE 5**

**Powers and Duties of Directors and Declarant**

Section 5.1. **Exercise of Declarant’s Powers.** As provided in the Declaration, notwithstanding anything to the contrary contained herein, the rights, powers, and operations of the Board and the Association shall be under the absolute and exclusive control of the Declarant, including, but not limited to, the appointment and removal of the members of the Board and the officers of the Association, in its discretion, up to one (1) year after the date it no longer owns a Lot (sometimes referred to herein as the “period of Declarant’s control”), after which time the same shall be turned over to the Association or Board, as the case may be, which shall then exercise the powers and duties herein set out; provided, however, that the Declarant may, at its option, at any earlier time, partially or wholly, transfer all or any part of such duties and powers to the Association or the Board by written instrument. In the event of a transfer of a portion of such powers and duties by the Declarant to the Association or the Board, the Declarant shall retain all other powers and duties which are not so specifically transferred. The Association and the Declarant shall cooperate fully in the transition of the powers and duties hereunder. Nothing herein shall be deemed as relinquishment of Declarant’s rights under Section 8.2 of the Declaration except strictly in accordance with such Section 8.2. This Section 5.1 may not be amended, supplemented or revised without Declarant’s express written consent.

Section 5.2. **Exercise of Directors’ Powers.** Except as otherwise provided in Section 5.1 above and the Declaration with regard to the rights and powers of the Declarant or others, all of the powers and duties vested in the Association by the Articles and the Declaration and these Bylaws shall be exercised exclusively by the Board, its agents, contractors or employees, subject only to approval by Members when such approval is specifically required. Such powers and duties of the Board shall include, but shall not be limited to, the following, subject, however, to any contrary provisions of the Declaration, these Bylaws and applicable law:

A. To select and remove all of the officers, committee members, agents, employees and contractors of the Association, prescribe such powers and duties for them as may be consistent with law, the Articles, the Bylaws or the Declaration, and to fix the compensation for employees and contractors.
B. To conduct, manage and control the affairs, activities and business of the Association and, subject to Section 5.5 below, make such rules and regulations (including fines) therefor not inconsistent with applicable law, the Articles, the Bylaws or the Declaration as the Board deems best, including rules and regulations for the use and operation of the Common Area and facilities owned or controlled by the Association.

C. To accept and/or convey rights, easements, title and/or ownership of the Common Area, improvements and portions thereof.

D. To change the principal office for the transaction of the business of the Association from one location to another within the county in which the Subdivision is located, and to designate any place within such county for the holding of any membership meeting.

E. Subject to exemptions provided in the Declaration, to make and collect assessments, special assessments, fines and other charges to and from Owners and use the proceeds of assessments in the exercise of its powers and duties, all as provided herein or in the Declaration.

F. To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association with respect to the Common Area and the affairs and activities of the Association, which may include bonding of officers or other representatives of the Association.

G. To pay all charges for water, electricity, gas and other utility services for the Common Area.

H. To maintain, repair, preserve, replace and operate the Common Area and improvements thereon in accordance with the Declaration.

I. To reconstruct improvements located in the Common Area after casualty if adequate insurance proceeds are available, and to further improve the Common Area.

J. To enter onto any Lot as may be necessary for the purpose of carrying out any of the powers or duties of the Board and the Association as herein set forth and as set forth in the Declaration, including, but not limited to, such entry as may be necessary in connection with the construction, maintenance or emergency repair of the Common Area, at any reasonable hour and, except in the case of emergency, after reasonable notice.

K. To enforce, when it deems appropriate, by legal or administrative proceedings the provisions of the Declaration, the Articles, these Bylaws and the rules and regulations, and the provisions of any agreement to which the Association is a party.

L. To contract for management of the Association and Common Area and delegate to such management company such powers and duties as the Board deems appropriate, and to engage independent contractor(s) as it deems necessary or appropriate from time to time.

M. To borrow money and incur indebtedness on behalf of and for the purposes of the Association, including, but not limited to, amenity mortgage financing as referenced in Section 9.2 of the Declaration and to cause to be executed and delivered therefor, in the Association’s name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt
and security therefore. See Section 7.9 below for other provisions related to certain amenity financing loans.

N. To pay any taxes and governmental special assessments which are or could become a lien on the Common Area, or any portion thereof, to the extent of available funds therefor.

O. To initiate and execute disciplinary proceedings, actions, fines and other measures against Owners and occupants of Lots for violations of the provisions of the Articles, these Bylaws, the Declaration and the rules and regulations adopted by the Board to the extent permitted in any such documents. Membership rights and privileges (including voting rights with respect to assessments and fees and use of Common Area) may be suspended by the Board if a Member, or his family members or guests, are found to be in violation of the provisions of the Articles, these Bylaws, the Declaration or the rules and regulations adopted by the Board. If the Board believes grounds may exist for any such suspension, the Board shall give to the Member believed to be in violation at least fifteen (15) days prior written notice of the intended suspension and the reasons therefor. Members shall be given an opportunity to be heard before the Board, either orally or in writing, not less than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or registered mail, sent to the last address of the Member shown on the Association’s records, or may be emailed to the last email address shown on the Association’s records. Anything herein stated to the contrary notwithstanding, the Board shall not have the power to suspend any Member’s rights of access or utilities to his Lot.

P. To prepare budgets and financial statements for the Association as provided elsewhere herein.

Q. To prosecute or defend in the name of the Association any action affecting or relating to the Association, the Common Area or other property owned by the Association, and any action in which all or substantially all of the Members have an interest.

R. To delegate any of its powers hereunder to others, including committees, officers and employees.

S. To perform such other acts as may be authorized by the Declaration or the Members.

T. To indemnify a director, officer or committee member or former director, officer or committee member of the Association to the extent such indemnity is provided for by Kansas law, the Articles or these Bylaws.

U. To amend the Declaration in the manner provided therein, with the preparation, execution, certification and recordation of each such amendment by the President, Vice President or Secretary.

V. To require that disputes between the Association and Members or between two or more Members regarding the Subdivision and the residential community thereon, and the Common Area be submitted to nonbinding alternative dispute resolution as a prerequisite to commencement of a judicial proceeding.
W. To promptly provide notice to the Members of any legal proceedings in which the Association is a party other than proceedings involving enforcement of rules, covenants or declarations of restrictions, or to recover unpaid assessments or other sums due the Association.

X. To establish a reasonable method for Members to communicate among themselves and with the Board concerning the Association.

Y. To suspend any right or privilege of a Member that fails to pay an assessment, but may not:

(i) deny a Member or other occupant access to the Member's Lot;

(ii) suspend a right to vote except involving issues of assessments and fees;

or

(iii) withhold services provided to a Lot or a Lot Owner by the Association if the effect of withholding the service would be to endanger the health, safety, or property of any person.

Z. To propose amendments to the Bylaws.

AA. To enter into and perform agreements from time to time regarding the performance of services and matters for the benefit of the Association.

Section 5.3. Budget. The Board shall propose and adopt a budget for the Association at least annually, and may amend the budget and adopt a special assessment from time to time. Notice of any meeting at which a budget or budget amendment or special assessment will be considered must be given to Members at least ten (10) days prior to the meeting date and a copy of the proposal must be made available to any Member who requests it; provided, if during the period of Declarant’s control, the Board elects not to conduct a meeting for the approval of the Board, the Board shall make a reasonable effort to deliver the proposed budget to the Members and allow the Members at least ten (10) days to comment concerning the proposed budget by telephone, email or other written communication with a member of the Board prior to Board’s adoption of the proposed budget. At any meeting at which a budget or budget amendment or special assessment is considered, Members must be given an opportunity to comment on the proposal prior to the Board taking action, subject to such reasonable limitations as the Board shall deem appropriate.

Section 5.4. Special Assessments. In addition to any provisions contained in the Declaration, if the Board determines by two-thirds (2/3rds) vote of the members of the Board that a special assessment is necessary to respond to an emergency: (i) a special assessment will become effective immediately in accordance with the terms of the Board; (ii) notice of the emergency special assessment must be provided promptly to all Owners; and (iii) the Board may spend the funds paid on account of the emergency special assessment only for the purposes described in the vote. Any such special assessment shall be subject to the exemptions specified in the Declaration.

Section 5.5. Rules. Before adopting, amending, or repealing any rule, the Board shall endeavor to give all Members notice of: (i) its intention to adopt, amend, or repeal a rule and provide the text of the rule or the proposed change; and (ii) a date on which the Board will act on the proposed rule or amendment after considering comments from Members. Following adoption, amendment, or repeal of a rule, the Board shall endeavor to notify the Members of its action and provide a copy of any new or revised rule. Association rules that affect the use of or behavior in Lots, shall be adopted only to: (iii) implement a
provision of the Declaration; or (iv) regulate any behavior in or occupancy of a Lot which violates the Declaration or adversely affects the use and enjoyment of other Lots or the Common Area by other Members.

Section 5.6 Enforcement Action.

A. The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commencing an action for a violation of the Declaration, bylaws, and rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

(i) the Association's legal position does not justify taking any or further enforcement action;

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with law;

(iii) although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iv) it is not in the Association's best interests to pursue an enforcement action.

B. The Board's decision under subsection (a) above not to pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in taking enforcement action.

ARTICLE 6

Officers

Section 6.1 Executive Officers. The executive officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries and such other officers as the Board may from time to time appoint in accordance with the provisions hereof. One person may hold two or more offices.

Section 6.2 Election. Following the period of Declarant's control, the officers of the Association shall be elected annually by the Board at the first meeting of the Board following the annual meeting of the Members. Each officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.
Section 6.3. *Subordinate Officers.* The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

Section 6.4. *Removal and Resignation.* Any officer may be removed, either with or without cause, by a majority of the directors at the time in office at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.5. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 6.6. *President.* The President shall be chosen from among the directors and shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President, including but not limited to the power to appoint committees from among the Members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

Section 6.7. *Vice President.* The Vice President shall act in the place of the President in the event of the President's absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Section 6.8. *Secretary.* The Secretary shall keep the minutes of all proceedings of the directors and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary of an association and as may be required by the directors or the President.

Section 6.9. *Treasurer.* The Treasurer shall have custody of all property of the Association, including the funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of treasurer.

Section 6.10. *Compensation.* No officer shall receive compensation from the Association for any service he may render to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of his duties to the extent such expenses are approved by the Board.

**ARTICLE 7**

**Fiscal Management**

Section 7.1. *Budget.* The Board shall adopt a budget for each calendar year as referenced in Section 5.3 above.
Section 7.2. **Accounts.** The funds and expenditures of the Association shall be credited and charged to accounts under such classifications as the Board shall deem appropriate.

Section 7.3. **Annual General Assessments.** The annual general assessments (in addition to sums assessed pursuant to provisions hereinbelow) shall be the amount specified in, or established pursuant to, the Declaration or as otherwise determined by the Board, all subject to the exemptions therefrom as specified in the Declaration.

Section 7.4. **Special Assessments.** In addition to the annual general assessments authorized above in this Article 7, the Board may levy in any assessment year a special assessment for each Lot applicable to that year only for the purposes and in the manner stated herein or in the Declaration, all subject to the exemptions therefrom as provided in the Declaration.

Section 7.5. **Assessments: When Due.** The Declarant or the Board shall establish the due date for all assessments, whether general, special, transfer or otherwise, all subject to the exemptions therefrom as provided in the Declaration.

Section 7.6. **Fines.** The Board shall have the authority to assess fines for any violation of the Declaration by an Owner, in the manner and subject to the limitations provided in the Declaration.

Section 7.7. **Lien Rights: Interest.** As provided in the Declaration, the Association shall have a lien against each Lot to secure payment of any assessment, fine or other amount due and owing to the Association. In the event of default by any Owner, the lien on the Lot of such Owner may be foreclosed by the Association in the same manner as set forth in the Declaration.

Any assessments, fines or other charges which are not paid when due shall be delinquent. After thirty (30) days, such delinquent amounts shall bear interest as set forth in the Declaration, in addition to all costs and expenses of collecting the unpaid amount, including but not limited to reasonable attorneys’ fees.

Section 7.8. **No Offsets.** All assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reductions thereof shall be permitted for any reason, including, without limitation, any claim of non-use of the Common Area or that Declarant, the Association, the Board or the architectural control/design review committee is not or has not been properly exercising its duties and powers under the Declaration, Articles or Bylaws.

Section 7.9. **Amenity Mortgage Financing.** Notice is hereby given that Declarant and/or Association will obtain, and renew and refinance from time to time, mortgage secured loan or loans in order to pay the cost of installing or constructing amenities within (such as, but not limited to, the improvements listed on Exhibit “A” to the Declaration) the Common Area for the use and benefit of the Owners. When the Declarant and/or Association initially obtains such loan(s), the Association shall continue to renew such loan(s), or obtain a different loan(s), as requested by Declarant from time to time. All or any portion of the Common Area shall be mortgaged from time to time to secure such loan(s), as required by the lender(s). Assessments or funds collected by the Association under Article IV of the Declaration (including transfer fees) shall be utilized for repayment of the interest and principal arising from any such loan(s) in accordance with the terms of such financing. Upon obtaining such loan(s) and the renewal and refinancing thereof from time to time, neither the Declarant nor the Board shall be required to give notice thereof to the Members. The Association shall indemnify, defend and hold Declarant, its members, the members of the Board and the officers of the Association harmless from any proceedings, judgments, claims, liabilities, costs and expenses, including attorney’s fees, arising out of
any such loan or mortgage, and any guaranties thereof, including the failure to repay any amounts due thereunder.

ARTICLE 8

Indemnification and Insurance

Section 8.1. General. The Association shall indemnify any person who was or is a party or who was or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a director, advisory director, officer, member of the design or other committee, or employee of the Association, or is or was serving at the request of the Association as a director, advisory director, officer or employee of another corporation, association, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 8.2. Derivative Action. The Association shall indemnify any person who was or is a party or who was or is threatened to be made a party to any action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, advisory director, member of the design or other committee, officer or employee of the Association, or is or was serving at the request of the Association as a director, advisory director, member of the design or other committee, officer or employee of another association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 8.3. Costs Indemnified. To the extent that any person who is or was a director, advisory director, officer, member of the design or other committee, or who is or was serving at the request of the Association as a director, advisory director, officer or employee of another association or corporation, partnership, joint venture, trust or other enterprise, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because the applicable standard of conduct set forth therein has been met. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of directors who
were not parties to such action, suit or proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the Members of the Association.

Section 8.4. Time of Indemnification. Expenses incurred by a director, advisory director, officer or employee in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, advisory director, officer or employee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Association pursuant to this Article 8.

Section 8.5. Nonexclusive Rights. The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this Article 8 shall not be deemed to be exclusive of any other right to which those seeking indemnification or advancement of expenses may be entitled from the Association or any other entity under any other bylaw, statute, agreement, provision of the Articles, vote of the Members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Member and shall inure to the benefit of the heirs, executors and administrators of such Member. However, any amount actually received as the proceeds of any such other indemnification shall be deducted from the amount, if any, which he may be entitled to receive pursuant to this Article 8.

Section 8.6. Insurance. By action of the Board, notwithstanding any interest of any Members in the action, to the fullest extent permitted by law the Association may purchase and maintain insurance, in such amounts and against such risks as the Board deems appropriate, on behalf of any person who is or was a director, member of the design or other committee, advisory director, officer, employee or agent of the Association, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power or would be required to indemnify him against such liability under the provisions of this Article 8, the Articles or the laws of the State of Kansas.

ARTICLE 9
Records Retention

Section 9.1. Records Retention. The Association must retain the following for five (5) years unless otherwise provided:

A. Detailed records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records;

B. Minutes of all meetings of Members and the Board other than executive sessions, a record of all actions taken by the Members or directors without a meeting, and a record of all actions taken by a committee in place of the Board on behalf of the Association;

C. The names of Members in a form that permits preparation of a list of the names of all Members and the addresses at which the association communicates with them, in alphabetical order showing the number of votes each Member is entitled to cast;
D. Its original or restated organizational documents, if required by law, Bylaws and all amendments to them, and all rules currently in effect;

E. All financial statements and tax returns of the Association for the past three (3) years;

F. A list of the names and addresses of its current directors and officers;

G. Its most recent annual report, if any, delivered to the secretary of state;

H. Financial and other records sufficiently detailed to enable the Association to comply with other requirements of law;

I. Copies of current contracts to which it is a party;

J. Records of Board or committee actions to approve or deny any requests for design or architectural approval from Members; and

K. Ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate.

All records retained by the Association must be available for examination and copying by a Member or a Member's authorized agent during reasonable business hours or at a mutually convenient time and location; and upon ten (10) days written notice reasonably identifying the specific records of the Association requested.

Section 9.2. Withheld Records. Records retained by the Association may be withheld from inspection and copying to the extent that they concern: (i) personnel, salary, and medical records relating to specific individuals; (ii) contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated; (iii) existing or potential litigation or mediation, arbitration, or administrative proceedings; (iv) existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the Declaration, Bylaws, or rules; (v) communications with the Association's attorney which are otherwise protected by the attorney-client privilege or the attorney work-product doctrine; (vi) information the disclosure of which would violate law; (vii) records of an executive session of the Board; or (viii) individual Lot files other than those of the requesting Member.

Section 9.3. Copies. A requesting Member may receive copies by photocopying or other means, including copies through an electronic transmission if available upon request by the Member. The Association may charge a reasonable fee for providing copies of any records under this section and for supervising the Member's inspection. Copied records may be used for any reasonable purposes other than for commercial purposes.
ARTICLE 10

Miscellaneous Provisions

Section 10.1. Definitions. The definitions set forth in Article 2 hereof shall apply to any additional real property annexed under the Declaration or otherwise acquired by the Association.

Section 10.2. Amendments. The power to make, adopt, alter, amend, restate or repeal (collectively "Amendment") these Bylaws is vested in the Members. Any Amendment of these Bylaws by the Members shall be effective when approved, at an annual meeting or a special meeting duly called for such purpose, by an affirmative vote of two-thirds (2/3) of the eligible votes of Owners cast, either in person or by proxy, at such meeting; provided, Declarant's written consent to any Amendment shall be required in connection with any Amendment which is made prior to the expiration of one (1) year following the period of Declarant's control. In no event shall any Amendment be in conflict with the terms of the Declaration or applicable law.

Section 10.3. Resolution of Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. These Bylaws are subordinate to any rights of the Declarant as provided in the Declaration.

Section 10.4. Number and Gender. All of the terms and words used in these Bylaws, regardless of the number and gender in which they are used, shall be deemed and construed to include any number (singular and plural) and any other gender (masculine, feminine or neuter), as the context or sense of these Bylaws or any paragraph or clause hereof may require, the same as if the words had been fully and properly written in the number and gender.

CERTIFICATE OF BOARD

We, the undersigned, do hereby certify:

1. We are the exclusive members of the Board of Stonebridge Homeowners' Association, a Kansas non-profit corporation; and

2. That the foregoing Bylaws, comprising 17 pages, constitute the Bylaws of said Association, duly adopted by the undersigned as of this date restating, amending and superseding the bylaws in effect prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 15th day of December, 2010.

Steven R. Barrett

Herbert Krumsied

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