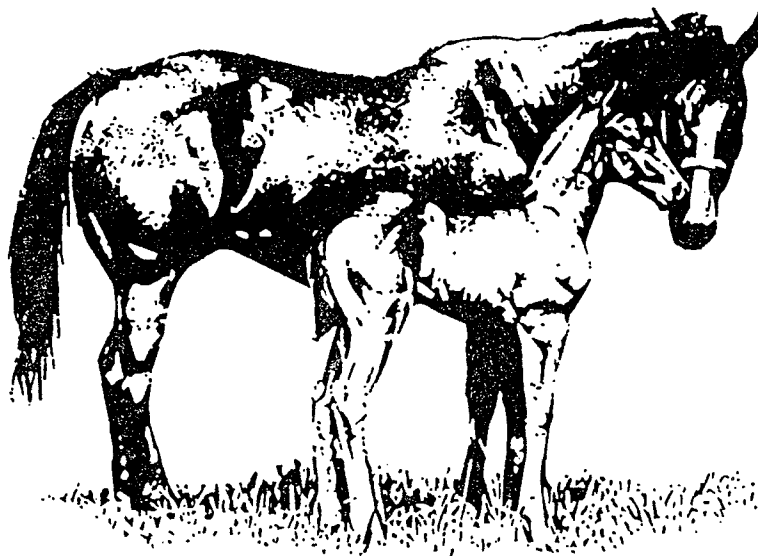


# STONEGATE

By-Laws



— *The* —  
GOOD RANCH  
— *~* —  
A PLANNED COMMUNITY

BY-LAWS

STONEGATE OF THE GOOD RANCH HOMEOWNERS' ASSOCIATION

ARTICLE I  
PURPOSES

As stated in its Articles of Incorporation and the Declaration of Covenants, Conditions, Easements and Restrictions for Stonegate of the Good Ranch ("Declaration"), the purposes of Stonegate of the Good Ranch Homeowners' Association (the "Association") shall be to maintain, operate and manage a private residential area with lots, improvements and common property, located in the City of Raymore, Cass County, Missouri.

(Capitalized terms herein shall have the meanings ascribed to them in the Declaration unless specifically defined herein.)

ARTICLE II  
OFFICES

The Association shall maintain in the State of Missouri a registered office and a registered agent at such office and may have other offices within or without the state.

ARTICLE III  
MEMBERS

SECTION 1. MEMBERSHIP. Every Owner of a Lot in the Subject Property shall be a member of the Association ("Member") without the right of withdrawal. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership. Declarant shall be a Member of the Association to the extent of any Lots owned.

SECTION 2. VOTING RIGHTS. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners except Declarant. Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners of the Lot determine, but in

no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be Declarant. So long as Declarant is the owner of not less than 11% of the Lots, then, notwithstanding any provision herein to the contrary, the Class B Member shall be entitled to approve and/or exercise veto power in conjunction with all votes by the Members, including all votes by the Board of Directors of the Association ("Board"). In the event that Declarant owns less than 11% of the Lots, the Class B Membership shall cease and be converted to a Class A Membership.

SECTION 3. TERMINATION OF MEMBERSHIP. Upon the sale or transfer of a Lot, membership in the Association is terminated.

SECTION 4. TRANSFER OF MEMBERSHIP. Membership in this Association is not transferable or assignable. However, Members may delegate their rights of enjoyment to the Common Area and facilities to family members, tenants or contract purchasers who reside on the Member's Lot.

#### ARTICLE IV MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEETING. An annual meeting of the Members shall be held on or before March 31 each year, beginning with the year 1997, on a date and at a time selected by the Board for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If such day be a legal holiday, the meeting shall be held at the same hour on the next succeeding business day.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Members may be called either by the president, the Board, or not less than one-third (1/3) of the Members having voting rights.

SECTION 3. PLACE OF MEETING. The Board may designate any place as the place of meeting for any annual meeting or for any special meeting called by the Board. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be at the City Hall of the City of Raymore, Missouri.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, date, and hour of any meeting of Members shall be delivered to each Member entitled to vote at such meeting, not less than five (5) nor more than forty (40) days before the date of such meeting. In case of a special meeting or when required by statute or by these By-laws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of a

meeting shall be deemed delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid.

SECTION 5. INFORMAL ACTION BY MEMBERS. Any action required to be taken at a meeting of the Members of the Association, or any other action which may be taken at a meeting of Members, may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

SECTION 6. QUORUM. The Members holding a majority of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting, Members holding a majority of the votes present may adjourn the meeting at any time without further notice. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting; withdrawal of Members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

SECTION 7. PROXIES. Each Member entitled to vote at a meeting of Members or to express consent or dissent to corporate action in writing, without a meeting, may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after eleven months from its date, unless the proxy provides for a longer period.

#### ARTICLE V BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The affairs of the Association shall be managed by its Board. In managing the affairs of the Association, the Board shall have general rights and duties including, but not limited to, the following:

(a) The Board shall have the authority to obtain (i) insurance insuring the Association against any liability to the public or the Owners (and/or invitees or tenants), incident to the operation of the Association, in any amount not less than \$300,000 against the claim of one person or \$1,000,000 against the claims of two or more persons in one occurrence, (ii) property damage insurance in an amount not less than \$300,000 per occurrence, and (iii) errors and omissions insurance for directors and officers. Such policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insureds. Notwithstanding the foregoing, the Board shall have the authority to maintain such other insurance as the Board deems

advisable in the operation and protection of the Subject Property.

(b) The Board shall have the power and duty to provide for the designation, hiring and removal of employees and other personnel, including lawyers and accountants and other such professionals and to engage or contract for the services of others in the maintenance, repair, replacement, administration, management, and operation of the Common Area and the Association.

(c) The Board shall have the authority to prepare, adopt and distribute, to the Owners, an annual budget for the Association covering each calendar year, or portion thereof, from the date of the sale of the first Lot forward. The budget for the calendar year in which the first Lot is sold shall cover the period from the date of the first sale to December 31st of that year, and shall be distributed not later than thirty (30) days after the sale of the first Lot. Each budget thereafter shall be distributed to each Owner no later than December 1st of the year preceding the year covered by such budget.

(d) The Board shall have the authority to enter into agreements, contracts, deeds, leases and all other forms of contractual obligations which the Board determines shall be reasonably necessary for the operation and maintenance of the Common Area and the Association.

(e) The Board shall have the authority to adopt such reasonable rules and regulations as it may deem advisable for the operation and maintenance of the Subject Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Subject Property. Written notice of such rules and regulations shall be given to all Owners no later than fifteen (15) days before such rules and regulations are to become effective.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors shall be five (5). Each director shall hold office until the next annual meeting of Members and until his successor shall have been elected and qualified. Directors need not be residents of Missouri or Members of the Association. The number of directors may be decreased to not fewer than three (3) or increased to any number from time to time by amendment of this section.

SECTION 3. REGULAR MEETING. A regular annual meeting of the Board shall be held without other notice than the notice contained in these By-laws, immediately after, and at the same place as, the annual meeting of Members. The Board may provide, by resolution, the time and place for the holding of additional

regular meetings of the Board without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the Board may fix any place as the place for holding any special meeting of the Board called by them.

SECTION 5. NOTICE. Notice of any special meeting of the Board shall be given at least five (5) days previously thereto by written notice to each director at his address as shown by the books of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Notice of any special meeting of the Board may be waived in writing, if signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board, need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-laws.

SECTION 6. QUORUM. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, however, if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting to another time without further notice.

SECTION 7. MANNER OF ACTING. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by statute, these By-laws, or the Articles of Incorporation.

SECTION 8. VACANCIES. Any vacancy occurring in the Board or any directorship to be filled, by reason of an increase in the number of directors, shall be filled by the Board, unless the Articles of Incorporation, statute, or these By-laws provide that a vacancy or a directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 9. COMPENSATION. Directors shall not receive any stated salaries for their services, but by resolution of the Board, a fixed sum and expenses may be allowed for each regular or special meeting of the Board; provided, however, nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving reasonable compensation therefor.

## ARTICLE VI OFFICERS

SECTION 1. OFFICERS. The officers of the Association shall be a president, one or more vice presidents (the number thereof to be determined by the Board), a treasurer, a secretary, and such assistant treasurers, assistant secretaries or other officers as may be elected by the Board. Officers whose authority and duties are not prescribed in these By-laws shall have the authority and perform the duties prescribed, from time to time, by the Board. Any two or more offices may be held by the same person, except for the offices of president and secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not in itself create contract rights.

SECTION 3. REMOVAL. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. PRESIDENT. The president shall be the principal executive officer of the Association. Subject to the direction and control of the Board, (a) he shall be in charge of the business and affairs of the Association; (b) he shall see that the resolutions and directives of the Board are carried into effect, except in those instances in which that responsibility is assigned to some other person by the Board; and, (c) in general, he shall discharge all duties incident to the office of the president and such other duties as may be prescribed by the

Board. He shall preside at all meetings of the Members and of the Board. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Association or a different mode of execution is expressly prescribed by the Board or these By-laws, he may execute for the Association any contracts, deeds, mortgages, bonds, or other instruments which the Board has authorized to be executed. He may vote all securities which the Association is entitled to vote, except as and to the extent such authority shall be vested in a different officer or agent of the Association by the Board.

SECTION 5. VICE PRESIDENT. The vice-president (or in the event there be more than one vice-president, each of the vice-presidents) shall assist the president in the discharge of his duties as the president may direct and shall perform such other duties as from time to time may be assigned to him by the president or by the Board. In the absence of the president or in the event of the president's inability or refusal to act, the vice-president (or vice-presidents, in the event there be more than one, in the order designated by the Board, or by the president if the Board has not made such a designation, or in the absence of any designation, then in the order of their seniority of tenure) shall perform the duties of the president and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Association or a different mode of execution is expressly prescribed by the Board or these By-laws, the vice-president (or any of them if there are more than one) may execute for the Association any contracts, deeds, mortgages, bonds or other instruments which the Board has authorized to be executed.

SECTION 6. TREASURER. The treasurer shall be the principal accounting and financial officer of the Association. He shall (a) have charge of and be responsible for the maintenance of adequate books of account for the Association; (b) have charge and custody of all funds and securities of the Association, and be responsible therefor, and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the Board. If required by the Board, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine.

SECTION 7. SECRETARY. The secretary shall (a) record the minutes of the meetings of the Members and of the Board in one or more books provided for that purpose; (b) on behalf of the Association, prepare, execute, certify and record any amendments



to the Declaration; (c) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (d) be custodian of the corporate books; (e) keep a register of the address of each Member, which shall be furnished to the secretary by such Member; and (f) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board.

SECTION 8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or the president or the Board. If required by the Board, the assistant treasurers shall give bonds for the faithful discharge of their duties, in such sums and with such sureties as the Board shall determine.

#### ARTICLE VII COMMITTEES

SECTION 1. COMMITTEES OF DIRECTORS. The Board, by resolution adopted by a majority of the directors in office, may designate one (1) or more committees, including an architectural and landscape committee, each of which shall consist of two (2) or more directors, which committees, to the extent provided in said resolution and not restricted by law, shall have and exercise the authority of the Board in the management of the Association; provided, however, the designation of such committees and the delegation thereof of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him by law.

SECTION 2. OTHER COMMITTEES. Other committees not having and exercising the authority of the Board in the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the president of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member, whenever in his or their judgment the best interests of the Association shall be served by such removal.

SECTION 3. TERM OF OFFICE. Each member of a committee shall continue as such until the next annual meeting of the Members of the Association and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

SECTION 4. CHAIRMAN. One member of each committee shall be appointed chairman.

SECTION 5. VACANCIES. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointment.

SECTION 6. QUORUM. Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

SECTION 7. RULES. Each committee may adopt rules for its own governance not inconsistent with the Declaration, these By-laws or the rules and regulations adopted by the Board.

#### ARTICLE VIII INDEMNITY TO ASSOCIATION, ITS BOARD AND ITS OFFICERS

The individual officers and employees of the Association and the members of the Board shall not be liable to the Owners for any mistake of judgment or any acts or omissions made in good faith. The Owners shall indemnify and hold harmless each of the members of the Board and each of the officers and employees of the Association against all contractual liability to others arising out of contracts made by the Board or the officers or employees of the Association on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration, the Articles of Incorporation or these By-laws. Every agreement made by the Board or any officer or employee of the Association on behalf of the Owners shall provide that the members of the Board or the officers or employees of the Association, as the case may be, are acting only as agents for the Association. No Owner shall have any personal liability under any such agreement.

#### ARTICLE IX CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

SECTION 1. CONTRACTS. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, AND OTHER INSTRUMENTS. All checks, drafts or other orders for the payment of money, notes or

other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. DEPOSITS. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

SECTION 4. GIFTS. The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

#### ARTICLE X BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board, and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association may be inspected by any Member, or his agent, or attorney for any proper purpose at any reasonable time.

#### ARTICLE XI FISCAL YEAR

The fiscal year of the Association shall be fixed by resolution of the Board.

#### ARTICLE XII ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner by acceptance of a deed therefor, whether from Declarant or any Owner and, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges to be fixed by the Board at a uniform rate for the Lots and collected in equal monthly installments due on the first day of each month of each year, or in such other installments as the Board shall elect.

(b) In addition to the annual assessments, in any assessment year, a special assessment applicable to that year for common operation expenses, or for capital improvements agreed to by a majority of the votes of the Members. Special assessments shall be fixed, established and collected from time to time as determined by the Board.

The annual and special assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon such Lot against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be a continuing personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

SECTION 2. PURPOSE OF ASSESSMENT. The assessments levied by the Association shall be used exclusively:

(a) To promote the recreation, health, safety, and welfare of the residents of the Subject Property and directly related to the ownership, use and enjoyment of the Common Area, including, but not limited to, landscaping, real estate taxes and liability and other insurance in connection with the Common Area.

(b) To maintain, repair, replace and make additions to the Common Area and to pay the cost of all labor, equipment (including the expenses of leasing any equipment) and materials required for the management, supervision and operation of the Common Area.

(c) To otherwise carry out the duties and obligations of the Board as stated herein and in the Association's Articles of Incorporation and By-laws.

SECTION 3. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES.

(a) The annual assessments against each Lot shall commence on the date Declarant conveys such Lot to a third-party purchaser thereof. The first annual assessment shall be adjusted on a pro rata basis according to the number of days remaining in the calendar year. The due dates or dates of any special assessments shall be fixed in the resolution authorizing such special assessments.

(b) Notwithstanding any provision herein to the contrary, any Lot owned by Declarant shall be exempt from the assessments created herein until the date Declarant conveys such Lot to a third-party purchaser thereof.

SECTION 4. DUTIES OF THE BOARD WITH RESPECT TO ASSESSMENTS.

(a) The Board shall fix the amount of the annual assessment against each Lot for each annual assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner. The Board shall further fix, establish and collect from time to time the amount of the special assessment against each Lot.

(b) Written notice of the assessments shall be delivered or mailed to every Owner subject thereto, showing the amount or amounts due and the due date or dates if the assessment is to be paid in installments.

(c) The Board shall, upon written demand, furnish to any Owner liable for said assessments, a certificate in writing signed by an officer of the Association setting forth whether said assessments have been paid. Such certificate shall be conclusive evidence of payment of any assessments therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.

(d) If the Board fails to fix an amount of the annual assessment as provided in Section 4(a) above, each Owner shall be responsible for the payment of an amount equal to the annual assessment for the previous year.

SECTION 5. EFFECT OF NON-PAYMENT OF ASSESSMENT; PERSONAL OBLIGATION OF THE OWNER; LIEN REMEDIES OF ASSOCIATION.

(a) If any assessment or part thereof is not paid within thirty (30) days after the due date, the total unpaid amount of such assessment or assessments shall immediately become due and payable and there shall also be due (i) a late fee equal to the greater of (A) five percent (5%) of the total unpaid amount or (B) Ten and No/100 Dollars (\$10.00) per month, and (ii) interest from the date of delinquency at the maximum legal rate of interest.

(b) The total unpaid amount of all such installments, late charges and interest thereon shall constitute a lien on the Lot of the Owner personally obligated to pay the same, and upon the recording of notice thereof by the Board shall be a lien upon such Owner's interest in his Lot. The Association may, at its election, bring an action at law or in equity against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the Lot subject thereto.

There shall be added to the amount of such assessment the costs of preparing and filing the complaint (including, without limitation, reasonable attorneys' fees) in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and reasonable attorneys' fees to be fixed by the court, together with the cost of the action.

(c) Members of the Board, acting on behalf of the Association through an appointed representative, shall have the power to bid any interest so foreclosed at the foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. Any recovery obtained by the Board as a result of the foreclosure action, or any monies obtained through acquisition, sale, or lease of the foreclosed Lot shall be first applied to the expense of such foreclosure sale or lease and then to any unpaid assessments, interest, expenses, fees, or late charges accrued as provided herein, and any lawful charges due and owing to the Association from the Owner.

(d) No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any common areas or his Lot.

SECTION 6. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien of the assessments provided for herein shall be subordinate only to the lien of any first mortgage or mortgages or first deed or deeds of trust. The sale or transfer of any Lot shall not affect any assessment liens. However, the sale or transfer of any Lot which is subject to a first mortgage or first deed of trust, pursuant to a decree of foreclosure under such first mortgage or first deed of trust or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments which thereafter become due, or from the lien thereof.

#### ARTICLE XIII SEAL

If a corporate seal is required by statute, the corporate seal shall have inscribed thereon the name of the Association and the words "Corporate Seal, Missouri."

#### ARTICLE XIV WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of any applicable statute or under the provisions of the Declaration, the articles of incorporation or the By-laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### ARTICLE XV AMENDMENTS

The power to alter, amend, or repeal the By-laws or adopt new By-laws shall be vested in the Board unless otherwise provided in the Declaration, the Articles of Incorporation or the By-laws. Such action may be taken at a regular or special meeting for which written notice of the purpose shall be given. The By-laws may contain any provisions for the regulation and management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation.