

BY-LAWS  
OF  
STALEY FARMS HOMEOWNERS' ASSOCIATION

ARTICLE I

Name and Location. The name of the corporation is Staley Farms Homeowners' Association (the "Association"). The principal office of the corporation shall be located in Clay County, Missouri, at \_\_\_\_\_, but meetings of members and directors may be held at such places within the State of Missouri as may be designated by the Board of Directors.

ARTICLE II  
DEFINITIONS

Section 1. Terms used herein shall have the same meaning as set forth in (i) that certain Declaration of Covenants, Conditions, Restrictions, Easements and Disclosures for Staley Farms dated October 8, 2001, as amended by that certain Supplementary Declaration and First Amendment dated December 4, 2002, and as further amended from time to time, as well as that certain Staley Farms Homeowners' Association Declaration, dated October 8, 2001 as amended from time to time (collectively, "Declaration").

Section 2. "Member" means those persons or entities entitled to membership in the Association as provided in the Declaration.

ARTICLE III  
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the expiration of the Development Period (as defined below) on a date selected by the Board of Directors, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, at a date, time and place within the State of Missouri selected by the Board of Directors of the Association.

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 (i) entitled to vote one-fourth (1/4th) of all of the votes in the Association.

Section 3. Notice of Meetings. Written notice of each 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 the notice, postage prepaid, not less than ten (10) nor more than thirty (30) days before the meeting, to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting. In the case of a special meeting, the notice shall state the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members or proxies entitled to cast fifty-one (51%) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at that meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary at least two business days before the date of the vote for which the proxy is exercised. Every proxy shall be revocable and shall not be valid for more than three years from the original date.

#### ARTICLE IV BOARD OF DIRECTORS SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, who (with the exception of the Charter Directors) shall be Members of the Association. The number of Directors shall be (5) five, which number may be changed by amendment of these Bylaws, but in no event shall the number of the Directors be less than three (3) and shall at all times be an odd number. The Developer shall appoint the persons who are to act in the capacity of Directors until the selection of their successors as provided herein. Such Directors (the "Charter Directors") shall serve until the first annual meeting following the date that (i) Developer no longer owns any Lots or Townhome Units, or (ii) Developer voluntarily surrenders such power ("Development Period"). Successors of the Charter Directors shall be elected at the first annual meeting following the expiration of the Development Period.

Section 2. Term of Office. The terms of office of the Charter Directors shall be for the period from the date of incorporation until the expiration of the Development Period and the first annual meeting of the Members thereafter. The terms of each Director other than a Charter Director shall be for two (2) years or until his successor elected, whichever shall be the longer period. Each Director, other than a Charter Director, shall be elected at the annual meeting. Directors shall be elected at the first annual meeting of Members following the expiration of the Development Period, and terms shall be staggered, so that two (2) Directors and three (3) Directors shall be elected respectively in alternating years. At the first annual meeting of the Members, and at each annual meeting thereafter, Directors shall be elected for two (2) year terms of office and shall serve until successors are elected and qualified.

Section 3. Removal. Any Director, other than a Charter 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 (other than a Charter Director), a successor shall be selected by the remaining Directors and such new Director shall serve for the unexpired term of his predecessor. Charter Directors may be removed, with or without cause, at any time by the Developer. In the event of death, resignation or removal of a Charter Director, the Developer may appoint a new Charter Director to serve.

Section 4. 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.

Section 5. 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 the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination of Directors for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at each annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more other persons. The Nominating Committee shall be appointed by the President of the Association prior to each annual meeting of the Members, to serve until the close of the 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 not less than the number of vacancies that are to be filled. Nominations may be made from among Members or Nonmembers.

Section 2. Election. Election to the Board of Directors shall be by written ballot. At the election, the Members or their proxies may cast, in 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. In any election of the Directors, every Member entitled to a vote at such election shall have the right to cumulate his votes and give one (1) candidate, or divide among any number of the candidates, a number of votes equal to the number of Directors to be elected multiplied by the number of votes which such Member is otherwise entitled to cast. The candidates receiving the highest number of votes, up to the number of the Directors to be elected, shall be deemed elected.

## ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually at such place and hour as may be fixed from time to time by resolution of the Board, without the necessity of further notice.

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 Directors, after not less than three (3) days notice to each Director.

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 at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Vacancies. Vacancies on the Board of Directors resulting from resignation, death, removal or an increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum.

## ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

(a) establish and publish rules and regulations to regulate and control the Owners' use and enjoyment of the Common Areas as well as such other activities which affect the Members' quiet and peaceful use of the Lots and Townhome Units within the Subdivision, including without limitation, regarding the use of Common Areas and to establish penalties for the infraction of these rules and regulations;

(b) suspend the voting rights of any Member during any period in which such Member is in default in the payment of any assessment levied by the Association;

(c) suspend the rights of any Owner (and of other occupants of such Owner's Townhome Unit or of the residence located on such Owner's Lot, or their guests) to use of the Common Areas, for a period not to exceed ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter.

(d) Impose a reasonable fine or charge upon any Owner for the unauthorized use of or any damage to the Common Areas (whether use was authorized or not) by Owner or by any other occupants of such Owner's Townhome Unit or of the residence located on such Owner's Lot, or their guests, which fine or charge shall constitute a special assessment against and a lien upon such Owner's Lot or Townhome Unit until paid in full, and shall be enforceable in the same manner as other liens set forth herein.

(e) impose a reasonable fine upon any Owner, after notice and the opportunity for a hearing before the Board or a committee established thereunder, for the unauthorized use by the Owner (or by other occupants of such Owner's Townhome Unit or of the residence located on such Owner's Lot, or their guests) of the Golf Course, which fine shall constitute a special assessment against and a lien on such Owner's Lot or Townhome Unit until paid in full, which shall be enforceable in the same manner as other liens set forth herein.

(f) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration; and

(g) employ a manager, independent contractors or other employees or contractors as they deem necessary, and to prescribe their duties.

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

(a) keep a complete record of all its acts and corporate affairs and to present a statement of its acts and affairs to the Members at the annual meeting of the Members, or at any special meeting when such a statement is requested in writing by the holders of one-fourth (1/4th) of the votes of the Membership;

(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:

(1) fix the amount of the annual assessment against each Lot or Townhome Unit each year;

(2) foreclose the lien against a Lot or Townhome Unit if the Owner of the Lot or Townhome Unit has not paid the assessment on the Lot or Townhome Unit within such time as the Board of Directors may determine, or bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid; a reasonable charge may be made by the Board for the issuance of these certificates (if the certificate states that an assessment has been paid, the certificate shall be conclusive evidence of payment with respect to any person relying on the certificate);

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association; and

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

## ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, 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 and thereafter 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 or until his successor is elected, whichever shall be the longer period, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the secretary. Such resignation shall take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to the vacancy shall serve for the remainder of the term of the officer he replaces and until his successor shall have been elected and qualified.

Section 7. Multiple Offices. Not more than two offices may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Members of the Board of Directors and shall see that orders and resolutions of the Board are carried out. The President shall have authority to sign all leases, mortgages, deeds and other written instruments.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and exercise and discharge such other duties as may be required of him by the Board. The Vice-President shall likewise have authority to sign all leases, mortgages, deeds and other written instruments.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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 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 disburse these funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year; and 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 requesting the same.

## ARTICLE IX VOTING

The Members shall have the following voting rights:

Non-Developer Owners: Each Member shall have one vote for each Lot or Townhome Unit for which he is the Owner; provided, however, that when more than one person is an Owner of a Lot or Townhome Unit, the one vote for such Lot or Townhome Unit shall be exercised as such Owners determine; provided, fractional votes shall be permitted, but in no event shall more than one vote be cast with respect to each Lot or Townhome Unit.

Developer: The Developer shall have ten (10) votes for each Lot or Townhome Unit for which it is the Owner.

## ARTICLE X COMMITTEES

The Board of Directors shall appoint such committees, with such powers and duties, as deemed appropriate to carrying out the purposes of the Association.

## ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the 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 XII ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments which are secured by a continuing lien upon the Lot or Townhome Unit against which the assessment is made. No owner may waive or otherwise escape liability for the assessments by nonuse of the Common Area or abandonment of his Lot or Townhome Unit.

## ARTICLE XIII AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, upon the affirmative vote of at least two-thirds (2/3rds) of the votes in the Association present in person or by proxy at the meeting at which the vote is taken. Anything set forth above in this Article XII to the contrary notwithstanding, the Developer shall have the absolute unilateral right, power and authority to modify, revise, amend or change any of the terms or provisions of these Bylaws all as from time to time amended or supplemented. However, this unilateral right, power and authority of the Developer may be exercised only if either the Veterans' Administration or the Federal Housing Administration or any successor agencies thereto shall require such action as a condition precedent to the approval by such agency of the United States or all or any portion of the Property or any Lots for federally, approved mortgage financing purposes under applicable Veterans' Administration, Federal Housing Administration or similar programs. If the Veterans' Administration or the Federal Housing Administration or any successor agencies thereto approve all or any portion the Property or any Lot for federally approved mortgage financing purposes, any amendments to these Bylaws made during any

period of time when the Developer is a member of the Association shall also require the prior consent of the agency giving such approval.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and the Articles or these Bylaws, the Declaration shall control.

#### ARTICLE XIV FISCAL YEAR

The fiscal year of the Association shall begin on the first day of \_\_\_\_\_ and end on the 31st day of \_\_\_\_\_ of every year, except that the first fiscal year shall begin on the date of incorporation and end on \_\_\_\_\_ of that year.

#### ARTICLE XV WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these By-Laws or under the provisions of The Missouri Nonprofit Corporation Act, 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 XVI INDEMNIFICATION OF OFFICERS AND DIRECTORS AGAINST LIABILITIES AND EXPENSES IN ACTION

Each Director or officer, or former Director or officer, of the Association, and his or her legal representatives, shall be indemnified by the Association against liabilities, expenses, counsel fees and costs reasonably incurred by him or her or his or her estate in connection with or arising out of any action, suit, proceeding or claim in which he or she is made a party by reason of his or her being, or having been, such Director or officer; provided that the Association shall not indemnify such Director or officer with respect to any matters as to which he or she shall be finally adjudged in any such action, suit or proceeding to have been liable for negligence or misconduct in the performance of his or her duties as such Director or officer. The indemnification herein provided for, however, shall apply also in respect of any amount paid in compromise of any such action, suit, proceeding or claim asserted against such Director or officer (including expenses, counsel fees and costs reasonably incurred in connection therewith), provided the Board of Directors of the Association shall have first approved such proposed compromise or settlement and determined that the Director or officer involved was not guilty of negligence or misconduct; but, in taking such action, any Director involved shall not be qualified to vote thereon, and if for this reason a quorum of the Board of Directors cannot be obtained to vote on such matter, it shall be determined by a committee of three (3) persons appointed by the Board of Directors at a duly called special meeting or at a regular meeting. In determining whether or not a Director or officer was guilty of negligence or misconduct in relation to any such matters, the Board or committee appointed by the Board of Directors, as the case may be, may rely conclusively upon an opinion of independent legal counsel selected by such Board or committee. Any compromise or settlement authorized herein shall not be effective until



submitted to and approved by a court of competent jurisdiction. The right to indemnification herein provided shall not be exclusive of any other rights to which such Director or officer may be lawfully entitled.

ARTICLE XVII  
PROHIBITED TRANSACTIONS

No provision of the Articles of Incorporation or these By-Laws shall in any way be construed as permitting the Association, whether through its Board of Directors, its officers, agents, or other party acting in its behalf, to allow the net income or property of the Association to inure to the private benefit of any incorporator, Director, officer or individual having a personal or private interest in the activities of the Association.

IN WITNESS WHEREOF, we, being all of the Charter Directors of the Staley Farms Homeowners' Association, have executed these Bylaws this \_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## CERTIFICATION

I, the undersigned do hereby certify:

THAT I am the duly elected and acting secretary of Staley Farms Homeowners' Association, a Missouri nonprofit 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 \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed by name this \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_, Secretary