

BYLAWS  
SUGAR VALLEY LAKES HOMES ASSOCIATION  
(as last amended at the Annual Meeting of the Members held on Jan. 13, 1996)

ARTICLE I

**DEFINITIONS:**

Section 1. "Association" shall mean and refer to the Sugar Valley Lakes Homes Association, a non-profit corporation organized and existing under the laws of the State of Kansas.

Section 2. "The Properties" shall mean and refer to the properties legally described in Article II, Section 1 of the Declaration of Covenants and Restrictions, filed of record April 25, 1973 in Linn County, Kansas, in Book MS22 at Page 71, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation as provided in Article VI, Section 3, herein.

Section 3. "Common Properties" shall mean and refer to lakes, parks, playgrounds, swimming pools, golf courses, commons, streets, footways, including buildings, structures, personal properties incident thereto, and any other properties owned and maintained by the Association for the common benefit and enjoyment of the residents within the Properties.

ARTICLE II

**LOCATION:**

Section 1. The principal office of the Association shall be located at Sugar Valley Lakes, Kansas.

ARTICLE III

**MEMBERSHIP:**

Section 1. Every person or entity who (a) is a purchaser, as defined in Article I, Section 1 (f) of the Declaration of Covenants and Restrictions, of any Lot, which is subject to covenants of record to assessment by the Association; or (b) is an Owner of any lot which is subject to covenants of record to assessment by the association, shall be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Article VI, Section 9 of the Declaration of Covenants and Restrictions to which The Properties are subject as recorded April 25, 1973 at Linn County, Kansas.

Section 3. The membership rights of any person whose interest in The Properties is subject to assessments under Article III, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the common Properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

**VOTING RIGHTS:**

Section 1. Each Member of the Association shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 1, Article III, hereof. When more than one person holds such interest or interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to such Lot.

ARTICLE V

**PROPERTY RIGHTS / RIGHTS OF ENJOYMENT OF COMMON PROPERTY:**

Section 1. Each Member, the Member's spouse and the Member's children, eighteen (18) and under and unmarried, shall be entitled to the use and enjoyment of the Common Properties and facilities as provided by the Deed of Dedication and Article V of the Declaration of Covenants and Restrictions applicable to the Properties.

Section 2. Any Member may delegate his rights of enjoyment in the common Properties and facilities to the members of his family who reside upon The Properties or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. Such Member shall notify the Secretary in writing of the name of such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3, to the same extent as those of the Member.

## ARTICLE VI

### ASSOCIATION PURPOSES AND POWERS:

Section 1. the corporation does not contemplate pecuniary gain or profit, direct or indirect, to its Members. The purpose for which it is formed are:

To promote the health, safety and welfare of the residents within the Properties legally described in the Declaration of Covenants and Restrictions dated April 25, 1973, recorded in Linn County, Kansas in Book MS22 at Page 71, and such additions thereto as may hereafter be brought within the jurisdiction of this corporation by annexation as provided in Section 3 herein, hereinafter referred to as The Properties, and for this purpose to:

- ( A ) own, acquire, build, operate and maintain lakes, recreation parks, playgrounds, Swimming pools, golf courses, commons, streets, footways, including buildings, Structures, personal properties incident thereto, hereinafter referred to as the Common Properties and facilities;
- ( B ) provide exterior maintenance for the lots and homes within The Properties;
- ( C ) provide garbage and trash collection;
- ( D ) provide fire and police protection;
- ( E ) maintain unkempt lands or trees;
- ( F ) supplement municipal services;
- ( G ) fix assessments (or charges) to be levied against The Properties;
- ( H ) pay taxes, if any, on the Common Properties and facilities; and
- ( I ) insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the Properties.

Section 2. The corporation shall have power to mortgage its properties only to the extent authorized under the recorded Covenants and Restrictions applicable to said properties.

The total debts of the corporation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two years' assessments current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. The corporation shall have power to add to and dispose of its real properties only as authorized under the recorded Covenants and Restrictions applicable to said properties.

## ARTICLE VII

### BOARD OF DIRECTORS:

Section 1. Board of Directors: Selection and Terms of Office. The affairs of the corporation shall be managed by a Board of five (5) Directors, who shall be Members of the corporation. The Members shall elect five (5) Directors each for a term of three (3) years every three (3) years beginning from the first annual meeting which was held on January 5, 1974. Two (2) Directors to fill the two vacancies created by this amendment to the Articles of Incorporation and the Bylaws shall be elected at the meeting at which this amendment is approved by the Members and shall serve until the next regular meeting of the Directors. The two (2) Directors created by this amendment shall be owners or purchasers of property located at Hidden Valley Lakes, and three (3) Directors shall be owners or purchasers of property located at Sugar Valley Lakes.

Section 2. Vacancies in the Board of directors shall be filled by the remaining Directors. Any such appointed Director shall hold office until his successor is elected by the Members, who may make such election at the next Annual Meeting of the Members or at any Special Meeting duly called for that purpose.

## ARTICLE VIII

### ELECTION OF DIRECTORS; NOMINATING COMMITTEE; ELECTION COMMITTEE

Section 1. Election to the Board of Directors shall be by written ballot as hereinafter provided. At such 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 recorded Covenants and Restrictions applicable to the Properties. The names receiving the largest number of votes shall be elected.

Section 2. Members who wish to be a candidate for the Board of Directors shall be placed on the ballot by the Nominating Committee provided that the candidate meets the requirements for membership provided for in Article III of these Bylaws.

Section 3. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual Meeting of the Members to serve from the close of such annual Meeting until the close of the next Annual Meeting and such appointment shall be announced at each such Annual Meeting.

Section 4. The Nominating Committee shall place, on the ballot, no fewer candidates than the number of vacancies that are to be filled. Candidates shall submit their names no less than forty-five (45) days prior to the date of the Annual Meeting,. Candidates' names shall be placed on a written ballot, as provided in Section 5 of this Article in advance of the time fixed in Section 5 of this Article, for mailing of such ballots to the Members.

Section 5. All elections to the Board of Directors shall be conducted using a written ballot. Ballots shall be prepared and mailed by the Secretary at least fourteen (14) calendar days in advance of the date set forth for its return. Return date shall be no later than one (1) calendar day before the meeting in which the election shall occur. Ballots shall describe the vacancies to be filled and shall contain the names of the candidates. A space shall be provided for write-in votes. Only ballots issued by the Secretary (by mail or at the reception table prior to the start of the meeting) shall be counted. The Board of directors, at the meeting called for the election, shall appoint a Teller's Committee consisting of three (3) Members, as provided for in Article XIV, Section 2 of these By-Laws, except no Director or candidate for Director shall be on the Teller's Committee, who will work with the Secretary to tally the valid ballots. Director(s) shall be elected from the tally of the ballots, starting with the candidate receiving the most votes, in decreasing order until all vacancies are filled.

#### ARTICLE IX

##### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS:**

Section 1. The Board of Directors shall have power:

( A ) To call special meetings of the Members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (¼) of the voting membership, as provided in article XIII, Section 2.

( B ) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security for fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member of the Association as full or part time employees for the purpose of normal day-to-day operations, except that Directors shall not be paid employees.

( C ) To establish, levy and assess, and collect the assessments or charges referred to in Article III, Section 2.

( D ) To adopt and publish rules and regulations governing the use of the Common Properties and facilities and the personal conduct of the Members and their guests thereon.

( E ) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting of Members in the Covenants and Restrictions.

( F ) An unexcused absence from three ( 3 ) consecutive regular monthly meetings of the Board of directors may cause the Board of Directors to declare the office of the Director vacant.

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

( A ) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members or at any Special Meeting when such is requested in writing by one-fourth (¼) of the voting membership, as provided in article XIII, Section 2.

( B ) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

( C ) As more fully provided in Article VI of the Declaration of Covenants and Restrictions applicable to the Properties.

( 1 ) To fix the amount of the assessment against each Lot (property) for each assessment period at least thirty days in advance of such date or period and, at the same time;

( 2 ) To prepare a roster of The Properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member and, at the same time;

( 3 ) To send written notice of each assessment to every owner subject thereto.

( D ) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

Section 3. Compensation to Directors: No Directors shall receive compensation for any service that he or she may render to the Association. Directors may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

## ARTICLE X

### DIRECTORS' MEETINGS:

Section 1. The Board of directors shall hold meetings as required for the conduct of business as scheduled by resolution during its first meeting in the month of January.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 3. Special Board of Directors Meetings shall be called by two (2) or more Directors. Notice for said special meetings shall be a minimum of three (3) days.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

## ARTICLE XI

### OFFICERS:

Section 1. The officers shall be a President, Vice-President, a Secretary and a Treasurer. The President and the Vice-President shall be members of the Board of Directors.

Section 2. The officers shall be chosen by majority vote of the Directors.

Section 3. All officers shall hold office during the pleasure of the Board of Directors.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. The Vice-President shall perform all the duties of the President in his absence.

Section 6. The Secretary shall be ex officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all Members of the association, together with their addresses as registered by such Members.

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursement made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice-President.

Section 8. The Treasurer shall keep proper books of account and shall cause an annual audit of the Association's books to be made by a certified public accountant upon the completion of each fiscal year. The annual audit will be open for inspection by the Members when completed.

## ARTICLE XII

### COMMITTEES:

Section 1. The Standing Committees shall be:

The Nominating Committee  
The Recreation Committee  
The Beautification Committee  
The Architectural Control Committee  
The Publicity Committee  
The Audit Committee

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more Members and shall include a Member of the Board of Directors for Board contact. The committees shall be appointed by the Board of Directors in February of each year. The Board of Directors may appoint other committees as it deems advisable.

Section 2. The Nominating Committee shall have the duties and functions described in Article VIII.

Section 3. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Beautification Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Properties and the facilities of the Association and shall perform such other functions as the Board of Directors, in its discretion, determines.

Section 5. The Architectural control Committee shall have the duties and functions described in Article VII of the Declaration of Covenants and Restrictions applicable to the Properties. It shall watch for any proposals, programs or activities which may adversely affect the residential value of The Properties and shall advise the Board of Directors regarding Association action on such matters.

Section 6. The Publicity Committee shall inform the Members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association.

Section 7. The Audit Committee shall cause the preparation of the annual budget and review same with the board of Directors throughout the budget year. A Board Member, the Treasurer and the Manager shall be ex officio members of the Audit Committee. The Audit Committee shall present the next year's budget to the Board of Directors for approval of the budget. The Board of Directors shall present the annual budget to the Members at the Annual Meeting.

Section 8. With the exception of the Nomination Committee and the Architectural Control Committee (but then only as to those functions that are governed by Article VII of the Declaration of Covenants and Restrictions applicable to The Properties), each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 9. It shall be the duty of each committee to receive complaints from Members on any matter involving Association function, duties and activities with its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

## ARTICLE XIII

### MEETINGS OF MEMBERS:

Section 1. The regular Annual Meeting of Members shall be held on the fourth Saturday in the month of January at the hour of 9:00 a.m.

Section 2. Special Meetings of the Members for any purpose may be called at any time by the President, the Vice-President, or by any two or more members of the Board of Directors, or upon written request of the Members who have a right to vote one-fourth of all of the votes of the entire membership.

Section 3. Notice of any meetings shall be given to the Members by the Secretary. Notice shall be given to the Member by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the corporation. Each Member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed at least fourteen (14) days in advance of the meeting, regular or special (except for the meeting notice required in Article VI, Section 2) and shall set forth in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the Articles of Incorporation or by the Declaration of Covenants and Restrictions applicable to The Properties, notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action governed by these By-Laws. Any action governed by the Articles of Incorporation or by the Covenants and Restrictions applicable to The Properties shall require a quorum as therein provided.

#### ARTICLE XIV

##### PROXIES:

Section 1.

( A ) At all corporate meetings of the Members where voting concerns matters governed by the Articles of Incorporation and/or the Declaration of Covenants and Restrictions, each Member may vote in person or by proxy. Members may, at their discretion, give their proxy to the Board of Directors or to another Member who is qualified to vote as provided for in Article III of these By-Laws.

( B ) At all other corporate meetings where the Board of Directors require a vote by the Members, each Member may vote in person, by proxy or by mail.

Section 2. All proxies shall be filed with the Secretary prior to the start of meeting requiring such a vote. No proxy shall extend beyond eleven (11) months from date of subject meeting. Proxies shall automatically become invalid when the Member divests himself of interest in The Properties. This proxy shall automatically cease when the voting is closed and the ballots are counted. The Board of Directors shall, prior to all corporate meetings, select a Chairman of the Teller's Committee. The Chairman of the Teller's Committee shall appoint two (2) Members. The Secretary shall automatically be a member of the Teller's Committee. The Secretary shall collect all proxies and shall present them to the Chairman of the Teller's Committee. All proxies and ballots shall be held by the Secretary for a minimum of one (1) year after the meeting where they were used and shall be open for inspection by Members during normal business hours.

#### ARTICLE XV

##### BOOKS AND PAPERS:

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Members.

#### ARTICLE XVI

##### AMENDMENTS:

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Covenants and Restrictions applicable to The Properties may not be amended except as provided in such Covenants and Restrictions.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Covenants and Restrictions applicable to The Properties referred to in Article I, Section 2, of these By-Laws, the Covenants and Restrictions shall control.