

Bylaws of Prairie Woods' Homeowners' Association

Article I General

Section 1. Office. The office of this corporation shall be located at 2201 S Westgate Circle, Wichita, Kansas, or such other address as shall be determined by the Board.

Section 2. Fiscal Year. The fiscal year of this Association shall be the calendar year.

Article II Definitions

Section 1. "Articles" shall mean and refer to the Articles of Incorporation of the Association, as they may from time to time be amended.

Section 2. "Association" shall mean and refer to Prairie Woods' Homeowner's Association, a Kansas non-profit corporation, its successors and assigns.

Section 3. "Board" shall mean and refer to the Board of Directors of the Association.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association, as they may from time to time be amended.

Section 5. "Common Areas" shall mean all real property in which the Association now or hereafter owns an interest for the common use and enjoyment of its Members.

Section 6. "Compliance Expenditures" shall mean all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by the Association in order to enforce compliance by any Owner with the Covenants and the provisions of the Bylaws.

Section 7. "Covenants" shall mean and refer to the Restated and Amended Declaration of Covenants, Conditions and Restrictions concerning the Property, filed for record with the Register of Deeds of Sedgwick County, Kansas, including such amendments thereto as may from time to time be recorded.

Section 8. "Lot" shall mean any parcel of the Property shown on the Plat and identified therein as a Lot or site, excluding that portion, if any, of such Lot, which is shown on the Plat as being a portion of The Commons Areas.

Section 9. "Member" shall mean any person or entity holding membership in the Association, as provided in the Covenants and these Bylaws.

Section 10. "Owner" shall mean the party or parties who own fee simple title to a Lot or own that estate or interest with respect to a Lot, which is most nearly equivalent to fee simple title.

Section 11. "Plat" shall mean the plat of Prairie Woods First and Second Additions to Wichita, Sedgwick County, Kansas, now or hereafter recorded, as it may be modified or supplemented from time to time.

Section 12. "Property" shall mean and refer to that certain real property located in Sedgwick County, Kansas, described as such in the Covenants, as the same may be amended from time to time.

Article III Membership and Meetings

Section 1. Membership; Voting Rights. The Owner of a Lot shall automatically be the holder of a membership in the Association appurtenant to that Lot, and the Association membership for that Lot shall automatically pass with fee simple title to that Lot; provided, however, in the event any Owner shall have entered into a contract to rent or sell his interest in a Lot during the time such contract is in force, the Owner may designate one person to vote on behalf of the Owner. Designation of voting rights must be in writing, signed by all record owners of the lot and filed with the Secretary of the Association. The designation may be revoked by any Owner of record but will be valid until revoked or superseded when ownership of the lot occurs. In the event the Owner(s) do not file a written designation of voting rights with the Secretary of the Association, voting rights remain with the Owners(s) of the Lot. (Note, designation of voting rights does not apply to giving of a proxy. See Section 6 of this Article.)

There shall be one (1) vote for each Lot. If more than one person holds an interest in any Lot, all of such persons shall be Members; but, except as provided below, in no event shall more than one vote be cast with respect to any Lot. The vote for such Lot shall be exercised as the Owners of such Lot may determine among themselves, provided that if they are unable to so determine, none of such Members shall be entitled to vote.

Section 2. Annual Members' Meeting. The annual Members' meeting shall be held at the office of the Association at 7:00 p.m. on the second Thursday in January of each year, beginning in 2010, for the purpose of electing directors and transacting any other business authorized by Members.

Section 3. Special Members' Meetings. Special Members' meetings shall be held whenever called by the President or by a majority of the Board and must be called by the President upon receipt of the written request from Members entitled to cast one-third of the votes of the entire membership.

Section 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 the Secretary. Such notice shall be in writing to each Member at his address as it appears on the books of the Association and shall be mailed to him not less than (10) nor more than sixty (60) days prior to the date of the meeting. The purpose of such meeting shall be given by affidavit of the Secretary and shall be sufficient proof thereof. Notice of any meeting may be waived in writing, either before or after said meeting.

Section 5. Quorum. Except as otherwise required by Kansas corporate law, there shall be no quorum as to the minimum number of persons who must be in attendance before the Members may act upon any matter. 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 6. 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 the Secretary before the vote of a matter is undertaken by the Members in attendance.

Section 7. Pursuant to the Kansas Association Act, the Association must provide the following to members:

- ✓ Information about their rights under the Act; and
- ✓ A listing of all or members of the association along with their respective current mailing addresses, no later than ten business days following the receipt of a written request by a homeowner or member.

Article IV

Directors, Election, Meetings, Fees

Section 1. Number, Qualification. The Board shall consist of at least five but no more than seven (7) persons who are Members of the Association, until otherwise authorized by resolution of the Board, with full authority in the Board to vary said number at any time and from time to time.

Section 2. Nominating Committee; Nominations. Nominations for election to the Board shall be made by the Nominating Committee, which shall consist of the Chairman of the Board, or if there be no such officer, the President, and two Members of the Association who shall be appointed by the Board. The Nominating Committee shall 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 meeting of the Members.

Section 3. Election, Vacancies and Removal. The election, removal and replacement of directors shall be governed by the following:

- A. Members of the Association. Each Member of the Association shall be entitled to vote for as many nominees as there are vacancies to be filled.
- B. Vacancies in the Board occurring between annual meetings of Members shall be filled by the remaining directors.
- C. Any Board member may be removed by concurrence of a majority of the Members of the Association present, 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 established in the first two sentences of Paragraph A of this Section.
- D. Voting shall be by written ballot of the Members unless otherwise authorized by the Board.
- E. Pursuant to Kansas law, prior to the election, the Board must select one board member and two nonboard members who are apartment owners or residents of the

association to receive and tally the ballots cast for the election of members of the board of directors, to verify the number of votes received against the number of persons voting and proxies voted and to report the results to the board of directors and for publication of the results to the , apartment owners or residents of such ' association.

Section 4. Term. Terms are one year, except in cases where a director is appointed to complete an unfinished term. 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 he is removed in the manner elsewhere provided.

Section 5. Organizational Meeting. The organizational meeting of the newly elected Board shall be held within ten (10) days after their election, at such place and time as shall be fixed by those directors present at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

Section 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. Notice of regular meetings shall be given to each director personally or by mail, telephone or electronic transmission at least three (3) days prior to the date set for such meetings.

Section 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 of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or electronic transmission, which notice shall state the time, place and purpose of the meeting.

Section 8. Waiver of Notice. Any director may waive notice of a meeting, before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

Section 9. 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 Covenants, the Bylaws or applicable law.

Section 10. Presiding Officer. The presiding officer at all directors' meetings shall be the President of the Board. In the absence of the presiding officer, the Vice-President will preside.

Article V Directors' Powers and Duties

Section 1. Powers and Responsibilities. Each member of the board of directors is charged with the duties of loyalty and care to the Association and must act in the Association's best interests to preserve and further the Association's exempt purposes. Except as otherwise provided in the Covenants, all of the powers and duties vested in the Association by the Covenants 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 directors

shall include but shall not be limited to the following, subject, however, to the provisions of the Covenants, these Bylaws and applicable law:

- A. To select and remove all of the officers, agents and employees of the Association, prescribe such powers and duties for them as may be consistent with law, the Articles, the Bylaws or the Covenants, and to fix their compensation.
- B. To conduct, manage and control the affairs and business of the Association and to make such rules and regulations (including fines) therefore not inconsistent with the law, the Articles, the Bylaws or the Covenants as they deem best, including rules and regulations for the use and operation of the Commons Areas and facilities owned or controlled by the Association.
- C. To accept title and ownership of the Commons Areas and facilities.
- D. To change the principle office for the transaction of the business of the Association from one location to another within Sedgwick County, Kansas, and to designate any place within Sedgwick County, Kansas for the holding of any membership meeting.
- E. To make and collect assessments against Members and to use the proceeds of assessments in the exercise of its powers and duties, all as provided in Article VII hereof.
- F. To contract and pay for fire, causality, liability, fidelity and other insurance, adequately insuring the Association and Owners with respect to the Common Areas and the affairs of the Association, which may include bonding of the members of any management body.
- G. To pay all charges for maintenance supplies, materials and equipment, water, electricity, gas and other utility services for the Common Areas.
- H. To maintain, repair, preserve, replace and operate the Common Areas.
- I. To reconstruct improvements after casualty and to further improve the Common Areas.
- 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 as herein set forth and as set forth in the Covenants, including such entry as may be necessary in connection with the construction, maintenance or emergency repair of the Commons Areas at any reasonable hour and, except in the case of emergency, after reasonable notice.
- K. To enforce the provisions of the Covenants, the Articles, Bylaws and the rules and regulations adopted by the Board, and the provisions of any agreement to which the Association is a party.
- L. To contract for management of the Common Areas and to delegate to said management of the Common Areas and to delegate to said management all powers and duties of the Association, except such as are specifically required by

the Covenants, these Bylaws or applicable law to have approval of the Board or of the Members of the Association.

- M. To borrow money and incur indebtedness for the purposes of the Association and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt and securities therefore; provided, however, the Board shall not have the power to borrow money for the Association during any fiscal year in excess of the aggregate sum of, nor to sell during any fiscal year property of the Association having an aggregate fair market value greater than ten percent (10%) of the budgeted gross expenses of the Association of the fiscal year in question, without the vote or written consent of the majority of Members who are voting, in person or by proxy, at a meeting duly called for that purpose.
- N. To pay any taxes and governmental special assessments, which are or could become a lien on the Common Areas of any portion thereof, except that the Association shall not be responsible for any taxes or assessment on any Lot.
- O. To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Articles and Bylaws, the Covenants and the rules and regulations adopted by the Board. Membership rights and privileges (including voting rights and use of Common Areas) may be suspended by the Board if a Member is found to be in violation of the provisions of the Articles, these Bylaws, the Covenants 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 therefore. 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. 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 Common Areas or other property owned by the Association and any action in which all or substantially all of the Owners have an interest.
- R. To delegate any of its powers hereunder to others, including committees, officers and employees.
- S. To perform such other duties as may be authorized by the Members.

Article VI Officers

Section 1. Executive Officers. The executive officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. No person may hold more than two offices.

Section 2. Terms and Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board and each shall hold his office for one year or until he shall resign or shall be removed or otherwise disqualified to serve when his successor shall be elected and qualified.

Section 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 4. Removal and Resignation. Any board member may be removed, either with or without cause, by a majority of the board members at the time in office at any regular or special meeting of the Association. Any officer may resign at any time by giving written notice to the Board or the President, or to 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 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 the Bylaws for regular appointments to such office.

Section 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 7. Vice-President. In the absence of the President, the Vice-President shall assume the powers and duties of the President in order to continue to conduct the affairs of the Association. This situation shall continue until the current President is able to return to his role or a new President is installed in office.

Section 8. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and of 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 by the President.

Section 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 he

shall perform all other duties incident to the office of treasurer.

Section 10. Compensation. The compensation, if any, of all officers, employees and/or contractors of the Association shall be fixed by the members of the Board. Nothing herein shall preclude the Board from employing a director as an employee of the Association.

Article VII Committees

Section 1. Standing Committees of Directors. The board of directors, by resolution adopted by a majority of the directors then in office, may designate one or more committees composed of board members, including Budget Committee, Governance Committee or Other. The designation of such committees and the delegation thereto of authority shall not operate to relieve the board, or any individual director, of any responsibility imposed upon her/him by law. All committee actions must be ratified or approved by the board or a committee composed solely of board members.

Section 2. Advisory Committees: The board of directors, by resolution adopted by a majority of the directors then in office, may designate one or more committees composed of members of the Association, non-members of the Association; and board members; which committees, shall not have or exercise the authority of the board in the management of the Association. Any recommendations or findings of any such advisory committees will not be binding.

Article VIII Fiscal Management

Section 1. Budget. The Board shall, before November 1 of each year, adopt a budget for the ensuing calendar year, which shall include the estimated funds required to defray all common expenses.

Section 2. Accounts. The funds and expenditures of the Association shall be credited and charged to accounts under such classification, as the Board shall deem appropriate.

Section 3. Annual Assessment.

A. The annual assessment for the calendar year beginning January 1, 2008 shall be Twenty-five Dollars (\$25.00) per Lot. The Board may increase the annual assessment for any subsequent calendar year but such increase shall not be in excess of 10% compounded above the maximum permitted annual assessment for the previous year, except as provided in 3.B below.

B. The annual assessment for any year commencing after December 31, 1987 may be increased to an amount greater than any permitted by 3.A above only by an affirmative vote of the majority of the Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized in Section 3 of this Article VII, the Board may levy in any assessment year a special assessment for each Lot applicable to that year only for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair

or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 5. Assessments: The Board shall establish the due date for all assessments and may permit assessments to be paid either annually, semi-annually or monthly and shall have the right to require payment of the same in advance.

Section 6. Lien Rights. As provided in Covenants, the Association shall have a lien against each Lot, as defined in Article II, Section 8 of these Bylaws, to secure payment of any assessment, fine, Compliance Expenditure or other amount due and owing the Association in compliance with these Bylaws, and in the event of default by any Owner, the Lot of such Owner may be foreclosed by the Association in the same manner set forth in the Covenants.

Any amounts which are not paid when due shall be delinquent. All assessment charges which shall remain due and unpaid thirty (30) days after they are due shall thereafter be subject to interest at the rate of fifteen percent (15%) per annum.

Section 7. Successor's Liability for Assessments. The Associations' lien for delinquent assessments of damages, cost, fines, expenses, Compliance Expenditures, attorneys' fees and all other charges allowed hereunder against the Lot shall pass to an Owner 's successors-in-title, regardless of whether said obligations were expressly assumed by them, except with respect to the sale or transfer of any Lot which is subject to any mortgage pursuant to decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, which sale or transfer shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. Upon acquisition of title to a Lot, an Owner shall be bound by terms hereof.

Section 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 Areas or any claim that the Association, the Board or the Architectural Control Committee is not or has not been properly exercising its duties and powers under the Covenants, Articles or Bylaws.

Article IX

Indemnification and Insurance

Section 1. General. In the event any director or other volunteer affiliated with this Association is excluded from the Volunteer Immunity Act (KSA 60-3601, 60-3611) for a reason other than wrongful or negligent conduct, this Association may voluntarily indemnify that director or other volunteer under the following circumstances:

1. The director or other volunteer was or is (because of said relationship with this Association) threatened to be made a party in any legal proceedings whether civil, criminal, administrative or investigative.

2. The director or other volunteer was successful (in part or whole) on the merits or otherwise in defense.

3. In an amount approved by the court, equal to his or her reasonable expenses, including attorneys' fees incurred in the defense of the proceeding or if the matter is settled with the approval of the court; and the court finds that the person's conduct fairly and equitably merits such indemnity.

4. Application for such indemnity may be made either by the person sued or by the attorney or other person rendering services to him or her in connection with the defense, and the court may order the fees and expenses to be paid directly to the attorney or other person, although he or she is not a party to the proceeding. Notice of the application for such indemnity shall be served upon the Association, its receiver, or its trustee, and upon the plaintiff and other parties to the proceeding. The court may order notice to be given also to the members in the manner provided in these bylaws for giving notice of members' meetings, in such form as the court directs.

Section 2. Insurance. By action of the Board, notwithstanding any interest of any Members in the action, to the full extent permitted by statute 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, advisory director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a director, advisory director, officer, employee or agent of another association, Association, partnership, joint venture, trust or other enterprise, 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 VIII, or of the Articles or the laws of the State of Kansas.

Article X

Contracts, Loans, Checks, Deposits, And Funds

Section 1. Contracts: No contract or instrument in the name of and on behalf of the Association shall be effective until authorized by the Board of Directors by a resolution of the board. The resolution of the board may be general or confined to specific instances. Such authority may be general or confined to specific instances.

Section 2. Loans: No loans shall be contracted on behalf of the Association unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc.: All checks, drafts or other orders for the payment of money, note or other evidence 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 and at a designated depository as shall from time to time be determined by resolution of the board. In the absence of such determination by the board, all such instruments must be signed by the Treasurer and countersigned by the President.

Section 4. Deposits: All funds of the Association shall be deposited from time to time to the credit of the Association in such bank, trust companies, or other depositories as the board may select by resolution.

Article XI

Books and Records

Section 1. Books and Records: The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, the board, and committees having any of the authority of the board of directors, and shall keep at the registered or principal office a record giving the names and addresses of the members. All documents required to be made available pursuant to tax regulations, state or other statutes may be inspected by any member, or his or her agent or attorney, for any proper purpose at any reasonable time during business hours subject to reasonable prior notice or other appointed time arranged by the party requesting inspection and by the Association's custodian of records and books.

Section 2. Form 990: As soon as the Association's annual proceeds regularly exceed \$25,000.00, the board will designate a specific individual or business, staff or select outside professionals to prepare Form 990 and any other financial reports deemed necessary. For all years in which the Association's annual proceeds do not exceed \$25,000.00, the Association must file Form 990-n on line at www.irs.gov before the 15th day of the fifth month after the end of the Association's fiscal year.

Section 3. Financial Reports and Audit: The Board shall review the Association's financial records and accounts at least one time a year. Pursuant to Kansas law, the board of directors shall cause an annual audit of the ' association's receipts and expenditures to be made by a certified public accountant. Such audit shall be based upon the expenditures and receipts occurring during a calendar year or the ' association tax year if different from a calendar year and shall be made at the expense of the ' association. A copy of such audit shall be made available to any member of the ' association upon receipt of a written request from such member. The ' association shall also file a copy of such audit with the attorney general within 30 days after receipt thereof.

Article XII

Repeal Or Amendment

These Bylaws may be altered, amended or repealed in whole or in part by a vote of a majority of the directors then in office at any regular meeting of the Board of Directors or at a special meeting of the Board of Directors called for such purpose, at which a quorum is present; provided, however, no such action shall change the purposes of the Association so as to allow its purposes to be broadened **beyond those stated in the governing documents on file with the IRS**, nor to otherwise impair its right and powers under the laws of the State of Kansas, other regulations of the Internal Revenue Service, or to waive any requirement of bond or any provision for the safety and security of the property and funds of the Association or its members. Pursuant to Kansas law, notice of any amendment to be offered at any meeting shall be given not less than 10 or more than 60 days before such meeting and shall set forth such amendment(s). Notice of any change in these bylaws must be provided to the IRS upon the Board's approval of the changes.

Article XIII Policies

Section 1. Conflict of Interest Policies and Procedures: This Association's conflict of interest Policy is attached (marked as Appendix A to these Bylaws) and incorporated herein in its entirety. The Conflict of Interest Policy was adapted from the Sample Conflict of Interest Policy provided by the IRS. The Board of Directors may develop additional policies and procedures as required to enforce the adopted policy. The Board is authorized to approve any revisions necessary in order to comply with IRS requirements for tax-exempt organizations.

Section 2. Code of Ethics, Policies and Procedures: The Board of Directors may adopt a Code of Ethics, Policies and Procedures applicable to members of the Board of Directors, other volunteers or employees and/or the Association requiring a higher standard of behavior than described in Section 1 above. The Board of Directors may address issues of conduct permissible under applicable federal and state laws. Those issues may extend beyond conflict of interest, including but not limited to anti-harassment and anti-discrimination policies, duties of confidentiality and privacy, publicity or any other matter relevant to the Association's activities, employees, volunteers and property.

Article XIV Miscellaneous Provisions

Section 1. Definitions. The definitions set forth in Article II hereof shall apply to any additional property acquired by the Association pursuant to Article X of the Covenants.

Section 2. Amendments. The power to make, adopt, alter, amend or repeal these Bylaws is vested concurrently in the Board and the Members, but the authority of the Board with respect to Bylaws shall at all times remain subject to the superior authority of the Members. Any amendment of these Bylaws by the membership shall be effective when approved by an affirmative vote of the majority of the Members who are voting, in person or by proxy, at a meeting duly called for such purpose. In no event shall any amendment be in conflict with the terms of the Covenants or applicable law.

Section 3. Resolution of Conflicts Between Governing Documents. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Covenants and these Bylaws, the Covenants shall control.

Section 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 Approval by the Board of Directors

I, the undersigned, do hereby certify:

1. That I am the duly elected member of the Board of Directors and acting President of Prairie Woods ' Association, a Kansas non-profit corporation; and

2. That the foregoing Bylaws, comprising 11 pages, constitute the Bylaws of said corporation, duly adopted by action of the Board of Directors on September 9, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 9th day of September, 2009.

Debra A. Werth

Signature of Officer

PRAIRIE WOODS' ASSOCIATION BYLAWS, APPENDIX A

Article I - Purpose

The purpose of the conflict of interest policy is to protect Prairie Woods ' Association's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

Article II - Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III - Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a.** An interested person may make a presentation at the governing board or committee

meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV - Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V - Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI - Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement, which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is exempt from federal income taxes and in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

Article VII - Periodic Reviews

To ensure the Organization operates in a manner consistent with its tax-exempt, nonprofit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further non-profit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII - Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.