

NOTE TO READER – THIS DOCUMENT HAS BEEN RETYPED FROM THE RECORDED COPY (OR A COPY GIVEN TO US) BY EMPLOYEES OF NEIGHBORHOOD SERVICES CORPORATION. ALTHOUGH DUE CARE WAS TAKEN TO INSURE ACCURACY MISTAKES AND OMISSIONS MAY HAVE OCCURRED IN THE RETYPING. YOU SHOULD NOT RELY ON THIS DOCUMENT AS THE BASIS FOR IMPORTANT DECISIONS WITH REGARD TO THE PURCHASE OR USE OF ANY PROPERTY, AND NO LIABILITY OR RESPONSIBILITY IS ACCEPTED BY NEIGHBORHOOD SERVICES CORPORATION FOR ERRORS CONTAINED HEREIN. YOU MAY OBTAIN COPIES OF ANY RECORDED DOCUMENTS FROM THE COUNTY CLERKS OFFICE, OR YOU MAY OBTAIN COPIES OF UNRECORDED DOCUMENTS FROM THE HOMEOWNERS ASSOCIATION.

BYLAWS

ARTICLE I NAME

The name of this organization shall be Homestead Property Owners Association, Inc. (the "Association").

ARTICLE II PURPOSE AND PARTIES

2.1 Purpose The purpose of the organization shall be the administration of the Property described in the Covenants, Conditions and Restrictions of Homestead (hereinafter the "Covenants"), a residential subdivision to the City of Edmond, Oklahoma, as shown by the recorded Plat or Plats to be recorded thereof, and all property which may be subjected to the Covenants by amendment thereof or otherwise, of which these By-laws are a part, which administration shall be in accordance with these By-laws and the provisions of 60 Okla. Stat. (*) 861. et seq. All definitions and terms contained in the Covenants shall apply hereto and are incorporated herein by reference.

2.2 Members All present and future owners and tenants of any lot, mortgagees and other persons who may use the facilities of the Property in any manner are subject to these Bylaws, the Covenants, the rules and regulations of the Association, and all agreements and easements relating thereto.

ARTICLE III LOT OWNERS

3.1 Membership Any person on becoming an owner of a Lot shall automatically become a member of Homestead Property Owners Association and be subject to these Bylaws. Such membership shall terminate without any formal action by the Association whenever such person ceases to own a lot, but such termination shall not relieve or release any such former owner from any liability, obligation, right or remedy incurred under or in any way connected with the Association or during the period of such ownership and membership in the Association. The membership shall be deemed conveyed or encumbered with the lot even when such interest is not expressly mentioned or described in the conveyance or other instrument.

3.1.1 Class of Membership There shall be two (2) classes of membership in the Association. Class A Members shall be all purchasers, and their successors and assigns, of a Lot from the Developer. Class B Members shall be the Developer, notwithstanding any other provision in the Covenants or these By-laws, Class B members shall not be subject to levy for regular or special assessments by the Association. Only Lots owned by Class A members shall be subject to any levy for regular and/or special assessments by the Association. Provided, a Builder (defined herein as an Owner of a Lot who has acquired such Lot for purposes of construction of a residence for sale to a third party) shall not be subject to either annual or special assessments unless and until the builder or his tenant occupies such structure as a residence. This provision of the By-laws may not be altered, amended or modified by the Association except by the written approval of Class B members.

3.2 Annual Meetings Regular annual meetings of members of the Association shall be held at a residence on the Property or at such other suitable place convenient to the members as may be designated by the Board. The first meeting of the Association shall be held on or about November 15, 1995.

3.3 Special Meetings A special meeting of members of the Association shall be promptly called by the Board upon the vote for such a meeting by a majority of the quorum of the Board or upon receipt of a written request therefor signed by members representing twentyfive percent (25%) of the total voting power of the Association or by members representing fifteen percent (15%) of the voting power residing in members other than Developer.

3.4 Notice of Meetings The Board shall give notice of regular and special meetings to members by posting notice of the date, time and location thereof at conspicuous places on or near the Property. The Board shall give the Developer written notice of the annual meeting at least fifteen (15) days prior to the scheduled meeting date. The Board shall give Developer written notice of all special meetings at least five (5) days before any special meeting.

3.5 Quorum The Board shall be entitled to conduct any and all business, with or without a quorum being present, at any annual or special meeting of which notice has been given as set forth herein, except as may otherwise be provided herein.

3.6 Proxies At all meetings of members, each member may vote in person or by Proxy.

3.7 Voting The owner or owners of each Lot shall be entitled to one vote for each Lot owned by said owner or owners. whenever more than one person holds such interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and advise the secretary prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended in the event more than one person seeks to exercise it. Each vote shall have equal value.

ARTICLE IV BOARD OF MANAGERS; SELECTION; TERM OF OFFICE

4.1 Number and Term of Managers The Board shall consist of three (3) managers, each of whom shall be a lot owner or an agent of Developer (while Developer remains a lot owner). The managers shall serve concurrent terms of one (1) year. The initial managers, who shall be appointed by the Developer, or its successor, shall serve until the first meeting of the Association; thereafter, all managers shall be elected and removed according to these By-laws. So long as the Developer owns more than 5% of the lots in Homestead, Developer shall be entitled to elect one (1) of the three managers, who need not be a lot owner.

4.2 Election of Board of Managers

4.2.1 Nominations Nominations for election to the Board (for election of managers which are not appointed or elected by Developer as provided in § 4.1) shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting of the Association. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more members of the Association.

4.2.2 Cumulative Voting Elections of Board members shall be by cumulative voting if more than one position is to be filled in an election.

4.3 Vacancies Vacancies in the Board caused by any reason other than the removal of a manager by a vote of the members shall be filled by a vote of the majority of the remaining managers, even though they may constitute less than a quorum, and each person so elected shall be a manager until a successor is elected at the next annual meeting of the Association or at a special meeting of the members called for that purpose.

ARTICLE V MEETINGS OF MANAGERS

5.1 Regular Meetings Regular meetings of the Board shall be conducted at the same time as the Annual meeting of the members, and at such other times as the Board deems desirable.

5.2 Special Meetings A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) managers other than the President. Notice shall be provided to all managers with a description of the nature of any special business to be considered by the Board.

5.3 Quorum The presence in person of a majority of the managers at any meeting of the Board shall constitute a quorum for the transaction of business and the acts of a majority of the managers present at a meeting at which a quorum is present shall be the acts of the Board.

5.4 Board Meetings Open to Members, Exceptions Regular and special meetings of the Board shall be open to all members of the Association. The Board may, with the approval of a majority of a quorum of the managers, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation or threatened litigation and orders of business of similar nature.

5.5 Fidelity Bonds The Board may obtain adequate fidelity bonds for all officers and employees of Association handling or responsible for funds of the organization. The premium for any such bonds shall be a common expense.

5.6 Compensation No member of the Board shall receive any compensation from the Association or lot owners for acting as such.

5.7 Liability of the Board of Managers The members of the Board shall not be liable to the lot owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The lot owners shall indemnify and hold harmless each of the members of the Board against all contractual or tort liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Covenants or these By-laws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association or the Project. It is understood and permissible for the original Board, who are members of or employed by Developer, to contract with the Developer and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any lot owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Property bears to the total of all ownership interests in the Property. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board, or the managing agent or the manager, as the case may be, are acting only as agents for the lot owners and shall have no personal liability (except as lot owners) and that each lot owner's total liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Property bears to the interest of all lot owners in the Property.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF MANAGERS

6.1 Powers and Duties The Board shall have the powers and duties necessary for the management and administration of the Property. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

- 6.1.1 To select, appoint, supervise and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with the law and with the Covenants and these By-laws.
- 6.1.2 To enforce the applicable provisions of the Covenants, these By-laws, and other instruments relating to the ownership, management and control of the Property.
- 6.1.3 To adopt, publish and enforce rules and regulations governing the use of the Property and the personal conduct of the members and their guests upon the Common Areas, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership.
- 6.1.4 To cause the Common Areas to be maintained, adequately insured, repaired and improved, for the benefit of the membership, and to contract for goods and/or services for the Common Areas or for the Association, and to pay all taxes and assessments which are or could become a lien on the Common Areas or a portion thereof.
- 6.1.5 To delegate its powers to committees or officers.
- 6.1.6 To prepare budgets and financial statements for the Association as prescribed in these By-laws.

- 6.1.7 To initiate and execute disciplinary proceedings against members of the Association for violations of the provisions of the Covenants, these By-laws and such rules as may be promulgated by the Board in accordance with the procedures set forth in these By-laws.
- 6.1.8 To fix and collect regular and special assessments according to the Covenants and these By-laws and, if necessary, to record a notice of assessment and foreclose the lien against any lot for which an assessment is not paid within thirty (30) days after the due date or bring an action at law against the owner personally obligated to pay such assessment. All reserves for capital expansion, repair, taxes, insurance and maintenance shall be immediately transferred to, and held in, a trust fund or other depository account with an institutional lender upon terms and conditions which are approved by the Board. All funds of the Association shall be restricted in use to the sole and exclusive benefit of the Association's administration of the Property and shall not otherwise be expended.
- 6.1.9 To prepare and file annual tax returns with the federal government and the State of Oklahoma and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed, if possible, under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on owners' associations. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the following limitations and restrictions (which limitations and restrictions may change from time to time to conform with changes in the tax code):
- a. At least 80% of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees or assessments from lot owners.
 - b. At least 90% or more of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance and care of the Association's Property;
 - c. No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of the Association's Property and other than by a rebate of excessive membership dues, fees or assessments) to the benefit of any private individual.

6.2 Limitation of the Board's Power Except with the vote or written assent of a majority of the voting power of the Association, the Board shall be prohibited from taking any of the following actions:

- 6.2.1 Paying compensation to managers or to officers of the Association for services performed in the conduct of the Association's business, provided, however, that the Board may cause a manager or officer to be reimbursed for expenses incurred in carrying on the business of the Association.
- 6.2.2 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Areas or the Association for a term longer than one (1) year with the following exceptions:
- a. A management contract;
 - b. A contract with a public utility company if the rate charged for the materials or services are regulated by the Corporation Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
 - c. Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits for short rate cancellation by the Insured;
 - d. Any agreement for professional management of the Project or any other contract providing for services by Developer shall provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and shall provide for a maximum contract term of three (3) years.
- 6.2.3 The funds of the Association shall be maintained in trust account for the benefit of the organization or shall be deposited with an institutional bank in an interest bearing account, and may not be accessed or withdrawn by the Board, or any member of the Association or other person, except by check or draft drawn on the Association's account and signed by at least two of the officers of the organization.

ARTICLE VII OFFICERS AND DUTIES

7.1 Enumeration and Terms The officers of the Association shall be a president, who shall at all times be a member of the Board, a secretary, treasurer and such other officers as the Board may from time to time by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

7.2 Election of Officers The initial officers shall be elected by the Board appointed by Developer and shall serve until the first annual meeting. Officers shall thereafter be elected by the Board at each annual meeting.

7.3 Resignation and Removal Any officer may be removed from office by a majority of the Board at any time with or without cause. Officers may resign at any time upon written notice to each member of the Board.

7.4 Vacancies A vacancy in any office may be filled by appointment by the Board. The officer appointed to fill a vacancy shall serve for the remainder of the term of the officer he replaces.

7.5 Duties The duties of the officers are as follows:

7.5.1 President The president shall preside at all meetings of the Board and the Association (members); shall see that orders and resolutions of the Board are carried out; shall sign all leases, deeds, mortgages and other written instruments and shall cosign all checks and promissory notes.

7.5.2 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 shall exercise and discharge such other duties as may be required of him by the board.

7.5.3 Secretary/Treasurer The secretary/treasurer 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; receive and deposit funds in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall cosign all checks and promissory notes of the Association; keep proper books of accounts and prepare or have prepared financial statements as required in these By-laws; and shall perform such other duties as provided by the Board. The duty of the secretary/treasurer to receive and deposit funds and to sign checks in the ordinary course of the Association's business may be delegated to a management company as provided in these By-laws.

7.6 Compensation of Officers No officer shall receive any compensation from the Association or Lot owners for acting as such.

ARTICLE VIII MAINTENANCE AND ASSESSMENTS

Pursuant to the procedures and guidelines set forth in the Covenants, the Board shall collect and deposit in the account of the Association, the purchase assessments as set forth in the Covenants. The monies collected from said purchase assessments shall be invested by the Board in an interest bearing account and shall be utilized to pay the expenses associated with the maintenance and insurance of the Common Areas, primarily being the pool facilities and green belt areas. The Board shall also levy, collect and enforce annual and special assessments, as set forth in the Covenants, from Class A members for the operation of the Association and for management, insurance maintenance and operation of the Common Areas. All assessments shall be used exclusively to promote the health, safety and welfare of all residents in Homestead and to maintain the Common Areas.

ARTICLE IX DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association shall have no power to cause a forfeiture or abridgment of an owner's right to the full use and enjoyment of his individually owned lot on account of a failure by the owner to comply with provisions of the Covenants, these By-laws or of duly enacted rules of operation for the Common Areas and Property, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under an order of sale for failure of the owner to pay assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose reasonable monetary penalties, temporary suspension of an owner's rights as a member of the Association or other appropriate discipline for failure to comply with the Covenants, these By-laws or duly enacted rules; provided that an owner subject to such possible penalties shall be given reasonable notice and the opportunity to be heard by the Board with respect to the alleged violations before decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties shall be according to a schedule of penalties related to

specific offenses, which schedule shall be proposed by the Board and approved by the vote or written assent of a majority of the voting power of each class of membership. Such penalties shall bear a reasonable relationship to the conduct for which the penalty is imposed and may only be imposed prospectively.

ARTICLE X BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

10.1 Budgets and Financial Statements Financial statements of the Association shall be regularly prepared and distributed at the annual meetings to those members requesting a copy of same. The Board shall prepare reasonable operating statements and budgets for each fiscal year.

10.2 Inspection of Association's Books and Records The membership register, books of account and minutes of meetings of members, of the Board and of committees of the Board or Association shall be made available for inspection and copying by any member or by his duly authorized representative at any reasonable time and for a purpose reasonably related to his interest as a member at the office of the Association or at such other place as the Board shall prescribe, upon reasonable notice and at a reasonable time. Any member desiring copies of any document shall pay the reasonable cost of reproduction. Every manager shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a manager includes the right to make extracts and copies of documents.

ARTICLE XI AMENDMENT OF BY-LAWS

These By-laws and the Covenants may be amended by a vote or written assent of owners of at least sixty percent (60%) of the aggregate interest in the Property, provided, however, that each of the particular requirements set forth in 60 Okla. Stat. §§ 851 through 855, inclusive, as it now reads or may be hereafter amended shall always be embodied in the By-laws. Such modification or amendment shall not become operative unless set forth in amended Covenants, Conditions and Restrictions and duly recorded in the office of the County Clerk of Oklahoma County, Oklahoma. Provided, however, provisions within the Covenants and these By-laws applicable to annual or special assessments against Class B member(s) and nonresident Builders can only be amended or modified by the unanimous consent and written authorization of the Class B members.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1 Owner's Personal Obligation for Payment of Assessment The amount of total assessments against a lot, including the purchase assessment and any regular and/or special assessment, shall be the personal and individual debt of the owner(s) thereof. The Board shall have the responsibility to take prompt action to collect any unpaid assessment in accordance with the terms of the Covenants and these By-laws.

12.2 Indemnity of Officers and Managers Each manager and officer shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a part or in which he may become involved by reason of his being or having been a manager or an officer of the Association, except in cases of fraud, gross negligence or bad faith of the manager or officer in the performance of his duties.

12.3 Building Committee The Board shall appoint a building committee. The building committee shall consist of (2) members. The initial building committee shall consist of Phil Roberts and Russel Roberts, or their designated representatives appointed by Developer to serve in such capacity, who shall serve in such capacity until January 1, 2010. In the event of earlier resignation or death of a member of the initial building committee, the remaining member may act exclusively or appoint a successor. The building committee shall perform the duties set forth in the covenants.

12.4 Notices Any notice permitted or required to be given by the Project documents may be delivered either personally or by mail or as otherwise specifically provided in the Project documents. If delivery is by mail, it shall

be deemed to have been given seventy-two (72) hours after a copy of the same has been deposited in the United States Mail, postage prepaid, return receipt requested, addressed to each person at the current address given by such person to the secretary of the Association or addressed to the lot ow such person if no address has been given to the secretary; provided, however, that notice of regular or special meetings of members and the Board may be mailed without a return receipt requested. Provided, further that notice to members of the building committee or to the Developer must be given in writing, addressed to such individuals:

c/o Danforth Developers, L. L. C.,
PO Box 424,
Spencer, Oklahoma 73084.

ESTABLISHMENT OF BY-LAWS

We, the undersigned, being the Developer and all of the managers appointed by Developer, pursuant to the Covenants, Conditions and Restrictions of Homestead and these By-laws, do hereby certify the foregoing to be the By-laws of Homestead Property Owners Association, Inc. and, by our signatures hereto, do hereby adopt the foregoing By-laws as of the 13th day of July, 1995.

By: David P. Roberts, President of Homestead Property Owners Association Inc.

NOTE – A document titled AMENDED BYLAWS OF HOMESTEAD PROPERTY OWNERS ASSOCIATION, INC., is filed in the County Clerks office as an attachment to the Amended Declarations filed on January 31, 1996 at Book 6847, page 1215. The amended bylaws appear at pages 1232 through 1240.