

Final Version to be presented to Owners for voting
June 16, 2021

BY-LAWS OF
THE HARBORS AT LAKE CHESTERFIELD HOMEOWNERS' ASSOCIATION
Effective _____, 2021

Original Draft Presented to Owners for Comment (with Table of Contents Updated)
Dated 5/14/2021

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**BY-LAWS OF
THE HARBORS AT LAKE CHESTERFIELD HOMEOWNERS' ASSOCIATION**

ARTICLE ONE: NAME, MEMBERSHIP, AND DEFINITIONS

1.1 Name. The name of the Association shall be The Harbors at Lake Chesterfield Homeowners' Association ("Association"). The Association is the unit owners' association of the Harbors at Lake Chesterfield Subdivision ("Subdivision") pursuant to the "Declaration of Covenants, Conditions and Restrictions for The Harbors at Lake Chesterfield Subdivision" recorded on _____, 201_ in Book _____, Page ___ of the records of St. Louis County, Missouri ("Declaration").

1.2 Membership. The Members of the Association shall consist of the Owners of Lots and Living Units in the Subdivision in accordance with their Allocated Interests as provided in the Declaration. The membership of each Owner shall terminate when he ceases to be an Owner, and upon the sale, transfer or other disposition of his ownership interest, his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest. The terms "Member" and "Owner" are used interchangeably in these By-Laws.

1.3 Definition. The definitions contained in the Declaration shall apply to these By-Laws. In addition, the following definitions shall apply:

(a) "Community Manager" means the professional managing agent of the Association.

(b) "Majority" means those votes totaling more than 50% of the total eligible votes in the Association pursuant to each Lot or Living Unit's Allocated Interests with respect to voting.

(c) "Email" means an electronic communication or transaction made in accordance with the Missouri Uniform Electronic Transactions Act, Section 432.200, *et seq.*, Mo. Rev. Stat., as may be amended.

ARTICLE TWO: ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

2.1 Annual Meetings. The annual meeting of the Association shall be held prior to June 1 or such later date as practical. At the meeting, the Members shall elect Directors as provided in Article Three and may transact such other business as may properly come before them, provided that written notice of such business is given to all Members at least ten (10) days in advance of the meeting and not more than thirty (30).

2.2 Place of Meetings. Meetings of the Association shall be held in the Subdivision or such other convenient location as may be designated by the Board. Meetings may be held electronically or virtually so long as a quorum is met.

2.3 Special Meetings. Special meetings of the Association may be called by the President, by resolution of a majority of the Board, or upon a petition to the Board signed by at least ~~520~~50% of the Members in Good Standing according to their Allocated Interests. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. Only business stated in the notice may be transacted at a special meeting.

2.4 Notice of Meetings. The Board shall provide to each Member a notice of each annual or special meeting of the Association stating the purpose and the date, time, and place of the meeting as well as proxy or mail in ballot deadline and date for determining an Owner's status of Good Standing. Notices shall be served by mail, email, or personal delivery not less than 10 nor more than 30 days before a meeting. Notice of a meeting in the manner provided in this Section shall be considered service of notice.

2.5 Waiver of Notice. In the event the notice of an Association meeting under Section 2.4 is deficient in any way, a Member may waive such deficiency (a) by written waiver either before or after the meeting or (b) by personal attendance at the meeting, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. A Member waives such objection by casting a vote with respect to any business. With respect to a special meeting of the Association, attendance at such meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice.

2.6 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum (Section 2.8) is not present, the Board shall reschedule the meeting and notify the Members of the rescheduled meeting. At the rescheduled meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted.

2.7 Voting Procedures. Voting by the Members on actions or decisions required to be taken at an Association meeting may occur in person or by proxy as provided in this Section. Participation in a virtual meeting constitutes in person presence at the meeting. Voting on all other matters may be by mail ballot, E-mail, a web-based platform, or at an Association meeting (or any combination of such means). The voting rights of the Members are set forth in the Declaration. The manner of voting is as follows:

- (a) **Multiple Owners - One Vote.** Multiple Owners of a Unit shall be deemed to be one Member, and shall collectively be entitled to one vote.

(b) **Agreement of Multiple Owners.** If only one of several Owners of a Unit is present at a meeting of the Association, that Owner is entitled to cast the vote allocated to that Unit. If more than one of the Owners is present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is a majority agreement if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. In the event of such protest, the vote allocated to that the Unit shall not be counted.

(c) **Corporations, Partnerships, LLCs.** If an Owner is a corporation or LLC, any designated officer of such corporation may cast the vote allocated to such Unit. If an Owner is a partnership, a designated partner of such partnership may cast the vote allocated to such Unit. The person presiding over the meeting may require written authorization that the person voting on behalf of such entity is qualified to so vote.

(d) **Voting by Proxy.** Votes on any matter that must be decided at a meeting may be cast pursuant to a written proxy specifying the Unit for which it is given, duly executed by the Owner of said Unit, and filed with the Secretary of the Association prior to the meeting for which it is to be effective as designated on the proxy form provided.

(1) The proxy holder shall be another Member in Good Standing or a Director or managing agent of the Association or the leasing agent, attorney or mortgagee of a Member.

(2) Unless otherwise specifically provided in a valid proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast.

(3) In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

(4) A "directed proxy" may be used containing instructions which shall bind the holder as to the casting of the vote.

(5) A "general proxy" without instructions may be used for all matters required to be voted upon at a meeting, provided that no Member, Director, or managing agent of the Association, or the leasing agent, attorney, or mortgagee of a Member, or other Person may use a general proxy to cast the vote of more than two (2) Members at any meeting.

(6) A proxy is void if it is not dated or signed, or purports to be revocable without notice.

(7) Every proxy shall be revocable and shall automatically cease upon (i) conveyance of any Unit for which it was given, (ii) receipt by the Secretary of a written notice of revocation of the proxy or of the death or judicially declared

incompetence of a Member who is a natural person, or (iii) adjournment of the meeting for which the proxy is given.

(e) **Voting by Ballot.** The vote to ratify ~~the Association's budget~~ assessment and borrowing, or other ratification vote, and to elect and remove Directors, must occur at a meeting unless the Board provides for a less restrictive method (i.e. mail in ballot). The vote on any other issue may be determined at a meeting or by E-mail or written ballots mailed to the Owners along with a notice of the vote, subject to the following requirements:

(1) The notice of the vote shall: (a) clearly state the proposed action; (b) indicate the number of responses needed to meet the quorum requirements; (c) state the percentage of votes necessary to approve each matter other than election of Directors; and (d) specify the time by which a ballot must be received by the Association in order to be counted.

(2) The ballot shall: (a) set forth each proposed action and (b) provide an opportunity to vote for or against each proposed action.

(3) The Board shall set the time for return of ballots.

(4) Approval by ballot under this subsection (e) is valid only if (a) the number of votes cast by ballot meets the quorum required to be present at a meeting and (b) the number of approval votes is at least the number of votes that would be required to approve the matter at a meeting (Section 2.9).

(f) **Units Owned by Association.** No vote of a Unit owned by the Association may be cast.

~~(g)~~ **Ineligible Members.** The Unit of any Member who is not a Member in Good Standing is not eligible for voting purposes, and shall not be counted in determining whether a quorum is present at any meeting.

~~(g)~~

(h) **No Cumulative Voting.** There shall be no cumulative voting.

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2.8 Quorum. The presence at the beginning of any duly called meeting of the Members, in person or by proxy or by absentee ballot, of one percent (1%) of all the Members in Good Standing, according to their Allocated Interests, shall constitute a quorum at any meeting of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. A bylaw amendment to decrease the quorum for any member action may be approved by the Owners or by the Board. A bylaw amendment to increase the quorum required for any member action must be approved by the Owners. Unless one-third or more of the Members in Good Standing is present in person or by proxy, the only matters that may be voted upon at an annual, regular or special meeting of the Owners are those matters that are described in the meeting notice.

2.9 Action by Association. The Association may take action by the affirmative vote of a majority of the Members in Good Standing present at a meeting (in person or by

proxy) at which a quorum is present, or by ballot under Section 2.7(e), unless a different percentage is expressly provided by the Governing Documents for specific actions.

ARTICLE THREE: BOARD OF DIRECTORS: NUMBER, MEETINGS

3.1 Governing Body. The affairs of the Association shall be governed by a Board of Directors ("Board").

3.2 Number of Directors. The Board shall consist of ten (10) Directors with two Directors from each development phase as described in Section 2.2 of the Declaration. The number of Directors may be changed by amendment of these By-Laws, provided that the number shall not be less than three.

3.3 Qualification of Directors. All Directors shall satisfy all qualifications of this Section 3.3, and there shall be at least one Director from each development phase as described in Section 3.2 to be the representative of that Phase.

(a) General Qualifications. Composition of the Board shall be 10 different Persons who shall meet the following qualifications to be a candidate and serve on the Board: (1) be an Owner of a Lot or Living Unit according to the records of St. Louis County, (2) not be engaged in a pending judicial or administrative proceeding adverse to the Association's interests, (3) be at least 21 years of age, (4) be a Member in Good Standing, and (5) have no violation of the Governing Documents that remains unresolved after notice and opportunity to be heard. ~~(6) have no prior or current violation of the code of ethical conduct for Directors.~~

(b) Spouse, Partner and Trusts. Notwithstanding Section 3.3(a)(1), a spouse or partner of an Owner is qualified to be a candidate and serve on the Board so long as the spouse or partner permanently resides in the Subdivision with the Owner and the Owner, spouse and partner satisfy the other qualifications. The beneficiary of a trust that owns a Lot or Living Unit shall satisfy Section 3.3(a)(1).

(c) Legal Entities. A legal entity that owns a Lot or Living Unit shall satisfy Section 3.3(a)(1) by designating an authorized officer ("Authorized Officer").

(d) One Owner on Board. Regardless of the number of Lots or Living Units owned by the legal entity, or legal entities having common ownership or affiliation, a legal entity may not have multiple Authorized Officers serving at the same time.

3.4 Nomination of Directors. The Board shall solicit nominations of qualified candidates for election to the Board. The Board may appoint a committee and/or solicit candidates through a newsletter, email, or other written notice. There is no requirement to allow nominations from the floor on the day of the election.

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In the event that there is no candidate from a particular Phase, the Board may nominate or appoint an individual from any Phase to serve that term. That Board position, if filled from an alternate Phase, shall remain affiliated with the originally designated Phase for the purpose of representation on the Board.

Each candidate shall have a reasonable opportunity to communicate his or her qualifications to the Members prior to the date of the meeting and to speak at the meeting prior to the election. ~~Within~~ At least sixty days prior to the election, the Board may adopt reasonable rules and regulations regarding time, place and manner of such communications.

3.5 Election of Directors. The Directors shall be elected by the Members in Good Standing at the Annual Meeting or any special meeting called for this purpose by the Board, except for appointments made under Section 3.79. Each member shall be entitled to cast a vote for a candidate in each phase.

3.6 Term of Directors. Directors shall each serve terms of two years, which shall be staggered so that approximately one-half (1/2) of the Directors shall be elected each year, and shall hold office until their respective successors have been elected. Directors from each Phase shall be elected each year.

3.7 Removal of Directors. Any Director may be removed as follows:

(a) By the Members. At any regular or special meeting of the Association duly called, at which a quorum is present, any Director may be removed by two-thirds (2/3) of all Members in Good Standing, by casting votes at such meeting. A request to remove a Director may be made to the Board by petition signed by a majority of all Members in Good Standing, according to their Allocated Interests. In the event the Board declines or fails to call a special meeting or include the matter on the agenda of the annual meeting, within 30 days after receipt of a valid petition, the petitioners may schedule and hold such meeting as a Common Expense. No more than one vote shall be held to recall any particular Director within any period of twelve months. In the event any Director is removed by such vote, a meeting of the Members shall be held within 10 to 30 days thereafter at which a successor shall be elected to fill the vacancy thus created.

(b) By the Board. Any Director who ceases to meet the qualifications of Section 3.3 above or who has more than two unexcused absences from Board meetings in any calendar year may be removed from the Board by vote of the remaining Directors. A vacancy created under this subsection (b) shall be filled as provided in Section 3.9 to elect a new Director within sixty (60) days of removal.

3.8 No Directors. In the event there are no Directors on the Board, any three Members in Good Standing may call a special meeting of the Association, by notice as provided in Section 2.4 prepared by the Association's Community Manager or legal counsel, for the purpose of electing new Directors, or petition the County of St. Louis or the City of

Wildwood to appoint interim Directors until such time as a meeting of the Association can be held to elect new Directors.

3.9 Vacancies. In the event of the death, disability, or resignation of a Director, or a Director is removed under Section 3.7(b) above, such Director shall be deemed to have resigned. The remaining Directors shall appoint a successor to fill the vacancy until the next annual meeting at which time a qualified successor shall be elected to serve the remainder of the term.

3.10 Organization Meetings. The first meeting of the Directors following each annual election shall be held within 45 days thereafter at such time and place as set by the Board to elect officers, determine a schedule of Board meetings, authorize signatories on bank accounts, and address other organizational matters. Meetings may be held virtually, electronically, or by telephone whether in whole or in part.

3.11 Regular Meetings. Regular Board meetings shall be held at such time and place as determined by the Board, but such meetings shall be held at least monthly. The schedule of regular Board meetings shall be published to the Members at least ten (10) days prior to such meetings.

Directors may discuss any matter by means of conference telephone, email or similar communications equipment, by means of which all persons participating in the meeting can hear each other subject to Section 3.176. Information may be disseminated among the Directors by email, but decisions must be ratified by the Board Members at a meeting and included in the minutes. Meetings may be held virtually, electronically, or by telephone whether in whole or in part

3.12 Special Meetings. Special meetings of the Board shall be held when called by notice by the President or by a majority of the Board specifying the time and place of the meeting and the nature of any special business to be considered. Meetings may be held virtually, electronically, or by telephone whether in whole or in part

3.13 Notice; Waiver of Notice. Notices of Board meetings shall be given to each Director by personal delivery, mail, email, or by such other means reasonably expected to communicate such notice promptly, shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be conducted. The transactions of any meeting of the Board shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes.

3.14 Quorum and Action of Board. A majority of the Directors, present at the beginning of any Board meeting, shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board.

3.15 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and transactions and proceedings occurring at such meetings.

3.16 Compensation. No Director shall receive any compensation for acting as such. A Director shall be entitled to reimbursement for actual and reasonable expenses incurred on behalf of the Association upon Board approval. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, subject to conflict of interest procedures (Section 3.2019).

3.17 Open Meetings; Executive Session. All meetings of the Board shall be open to all Members. The Board shall designate portions of the meetings for the purpose of participation by the Members; otherwise, Members may attend but not participate in Board meetings.

The President, or other presiding board member, may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than the Directors, to discuss such matters as communications with legal counsel, litigation, competitive bids, personnel matters, violation hearings, disciplinary matters, and such other matters in which the Board believes confidentiality or privacy should be preserved.

3.18 Executive Committee. The Board may, by resolution, designate an Executive Committee, consisting of the officers specified in Section 5.1, to act in the event of an emergency occurring between regular Board meetings. Except as may be limited by such resolution, the Executive Committee shall have and exercise the authority of the Board in the event of an emergency.

3.19 Consent to Corporate Action. If the Directors individually or collectively consent in writing to any action taken or to be taken by the Board, and the number of the Directors constitutes a quorum for such action, such action shall be valid as though it had been authorized at a meeting of the Board. The Secretary shall file such consents with the minutes of the next official Board meeting.

3.20 Conflict of Interest. Any Director who has a financial interest or other conflict of interest in connection with any transaction or business of the Board shall fully disclose same before the Board votes on such matter, and said Director shall abstain from discussion and voting. The remaining Directors may appoint a disinterested Owner to the Board for the limited purpose of voting upon such matters.

3.21 Training; Code of Ethics. The Board may, as a Common Expense, provide funding for publications of and membership in the Community Associations Institute and other appropriate nonprofit organizations and for training and education of Directors, and ~~may shall~~ adopt a code of ethical conduct for Directors.

ARTICLE FOUR: POWERS AND DUTIES OF THE BOARD AND ADMINISTRATION OF ASSOCIATION

4.1 Authority. The Board shall be responsible for the affairs of the Association and shall have all the powers and duties necessary or inferable to administer the Association, and, as provided by law, may do all acts and things as are not exclusively reserved to be exercised by the Members by the NCA or Declaration.

4.2 Administrative Powers and Duties. In addition to the powers and duties imposed by the Nonprofit Corporation Act, Declaration, these By-Laws or by any resolution of the Association, the Board shall have the following administrative powers and duties:

(a) Annual Budget. To prepare the annual budget in the manner provided in Section 7.3 of the Declaration.

(b) Capital Improvement. To fund a capital improvement as defined herein, whether in the annual budget, special assessment, borrowing or other source, must be approved via the Ratification Process as defined in Article VII of the Declaration. For the purposes of this provision, "capital improvement" means any physical improvement to the Common Ground not part of the Subdivision on the Effective Date of the Declaration, the cost of which is more than fifteen percent (15%) of the annual budget. No ratification is required for capital improvement projects with a cost of less than fifteen (15%) of the annual budget until and unless the cumulative projects in year meet or exceed the fifteen percent (15%) threshold as described in Article VII of the Declaration. This provision does not apply to maintenance, repair and/or replacement of existing amenities or Common Ground.

(c) Loan Repayment. To repay funds borrowed pursuant to Section 4.131 of the Declaration shall be provided for in the budget by a separate line item for "debt service."

(d) Care of Common Ground. To provide for the operation, care, maintenance, repair and replacement of the Common Ground or any part thereof consistent with community-wide standards.

(e) Professional Services. To obtain professional services, independent contractors, and to employ, compensate and terminate such employees as are necessary to carry out the Association's responsibilities and, as reasonable and necessary, to purchase such equipment, supplies, and materials to be used by such personnel in the performance of their duties.

(f) Service Providers. To make or contract for the making of repairs, additions, and improvements to or alterations of the Common Ground in accordance with the Declaration, and to obtain competitive bids.

(g) Banking. To open bank accounts on behalf of the Association with insured depositories (i.e., state or national bank protected by the FDIC) and designate the signatories required, to deposit all funds received on behalf of the Association, and to use such funds to operate the Association. Intermediate and long-term reserve funds may be invested in a money market account or a low risk investment account that is not protected by the FDIC, provided that the investment is approved by a Board resolution and is otherwise consistent with any Rules and Regulations adopted by the Board. Reserve funds for repair and replacement shall be in separate accounts from operating funds, and the managing agent shall not have access to withdraw reserve funds.

(h) Contracts. To arrange or contract for and to pay the cost of all services rendered to the Association or its Members and not chargeable to individual Members.

(i) Accounting. To keep books with detailed accounts of the receipts and expenditures affecting the Association and its administration. All books and records shall be kept in accordance with generally accepted accounting principles ("GAAP") and preserved for the period of time required by applicable law or regulation. A financial review of the accounts of the Association may be made periodically in compliance with GAAP for entities such as the Association; provided, however, the majority of Members, by resolution, may vote to require that the accounts of the Association be subjected to a financial review or audit as a Common Expense by a certified public accountant.

(j) Committees. To establish committees, and to appoint chairs and members thereof, to perform such tasks and to serve for such periods as may be designated by a resolution which shall set forth the committee's duties, powers and duration. Each committee shall operate in accordance with the terms of the Board resolution and with Rules adopted by the Board.

(k) Community Manager. To employ a Community Manager to perform such duties and services as the Board shall authorize, but the Board may not delegate the approval of budgets and assessments; adoption, amendment or termination of Rules; opening bank accounts or designation of signatories; and enforcement by legal means of any provision of the Governing Documents. The Association shall not enter any management agreement that has a term of more than three (3) years, and that does not contain a right of termination exercisable by the Association, with or without cause and without penalty, upon not more than sixty (60) days written notice.

(l) Dispute Resolution. To assist in the resolution of disputes between and among Members without litigation.

(m) Association Office. A property management office shall be maintained in the clubhouse for use by the Trustees and managers of the Properties. The Lakeside Villas Condominium Association shall be entitled to maintain an office in the Management Office and shall pay rent in the amount of one hundred dollars (\$100.00) per month and shall be responsible for all costs associated with the

installation and operation of said office. The provisions of this Section are permissive and not obligatory with respect to the condominium association. Notwithstanding the foregoing, if such association determines to make use of the management Office, the ~~trustees~~ Association shall be obligated to make reasonable and appropriate space available for such use. In no event shall any sales activities be conducted from the Management Office.

4.3 Collection of Assessments. The Association shall collect assessments as follows:

(a) Interest and Late Fees. Assessments (including supplemental assessments, special assessments and any installments thereof) shall bear interest from the due date until payment is received at the rate of 18% per annum, or any other legal rate (but not exceeding 18%) adopted by resolution of the Board. If any payment is not received within the time specified by the Board, the Board shall charge a late fee of \$25.00 or such other reasonable amount as adopted by resolution of the Board.

(b) Due Date. The Annual Assessment is due on February 28th of each year, or some other date as determined by the Board via resolution. Additional assessments shall be due as provided in the notice of assessment as provided by the Board.

(c) Late Notices. The Association shall send a late notice when any assessment is late, as determined by the Board via resolution.

(d) Use of Collection Agency/Legal Counsel. The Association may use the services of a collection agency and/or attorney to recover unpaid assessments, late fees, interest, costs or other charges due to the Association. The Member shall be responsible for reasonable attorney's fees and costs incurred.

(e) Allocation of Payments. Any payments on a delinquent account shall be applied in the following manner: (1) costs, (2) attorney's fees, (3) Community Manager (or other professional) fees, (4) late fees, (5) interest, (6) principal amount of assessments due including special assessment, fines or other charges against the account, if any, (7) other costs and expenses, and (8) amount of accelerated assessment, if applicable.

(f) Member in Good Standing. Any Member who is not a "Member in Good Standing" shall not be entitled to vote in election of Directors or any ratification ~~process of the budget~~, serve as a Director, or be counted for quorum purposes.

(g) Collection Procedures. The Board may adopt Rules to provide for the efficient and effective collection of unpaid assessments.

4.4 Notice of Violation and Opportunity to be Heard. The Association shall have the power, as provided in the Declaration, to impose penalties for any violation of the Governing Documents. The following procedures shall apply prior to imposition of penalties:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (1) the nature of the alleged violation, (2) the proposed penalty to be imposed, (3) a period of not less than ten (10) days within which the alleged violator may request a hearing for the Board (which may be reduced if the Board believes that a risk to health or safety is present), and (4) a statement that the proposed penalty shall be imposed as contained in the notice unless a written request for hearing is received within ten (10) days of the notice (or some other time period as provided in the notice). If a timely request for a hearing is not made, the penalty stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed penalty if the violation is cured within the period of time stated in the notice. Such suspension shall not constitute a waiver of the right to penalize future violations of the same or other provisions of the Governing Documents by any Person.

(b) Hearing. If a hearing is requested within the allotted time, the hearing shall be held in executive session or in open session or at a special meeting for the purpose of the hearing (at the discretion of the Board). The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any penalty hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or his or her representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the penalty, if any, imposed.

Any failure to comply with this Section 4.4 shall not invalidate any fine levied so long as the Owner had actual notice of the hearing.

4.5 Access to Books and Records. Any costs incurred by the Association, including costs of copies, professional fees or attorney's fees, time incurred gathering, and time spent by Owner during inspection, shall be the responsibility of the Owner.

The membership register, financial books and records, minutes of meetings of the Members, the Board, and committees, and other records of the Association shall be made available for inspection and copying by any Member or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place as the Board shall prescribe. Copies may be provided electronically in a reasonably available electronic format.

(a) Privileged Books and Records. Correspondence and other records protected by attorney-client privilege or other privilege, competitive bids, records containing private information of a Member, and other records deemed confidential by the Board are not subject to inspection by Members without the Board's consent.

(b) Written Request. A Member shall submit to the Board a written request to access the Association's records, and the request shall describe the particular records to be accessed and state a valid purpose. The Board may establish reasonable rules with respect to notice to be given to the custodian of the records by the Member desiring to make the inspection, payment of the cost of reproducing copies of documents requested by a Member, and such other matters related to carrying out the purposes of this Section.

(c) Right of Director. Every Director 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 unless the Director has a conflict of interest or in litigation with the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at his or her expense.

4.6 Board Standards. The Board shall be guided by the following standards:

(a) Business. While conducting the Association's business affairs, the Board shall be protected by the business judgment rule. The business judgment rule protects a Director from personal liability so long as the party claiming liability does not prove that the Director failed to (1) act within his or her authority, (2) serve in a manner the Director believes to be in the best interests of the Association and its Members, (3) serve in good faith, or (4) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

(b) Governance. In conducting its governance functions, the Board's decisions and actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

(c) Operations. Operational standards of the Board and any committee appointed by the Board shall be the requirements set forth in the Governing Documents or the minimum standards which the Board may establish. Operational standards may evolve as the needs and demands of the Subdivision and the Association change over time.

(d) Indemnification. The Board or its individual Directors shall not be personally liable for their acts in the performance of their duties, except for dishonesty or acts criminal in nature, and the Association shall indemnify and hold the Directors harmless from all such acts to the extent permitted by law.

4.7 Parliamentary Rules. The Board may establish procedures to govern the conduct of Association proceedings when not in conflict with Missouri law or the Governing Documents. The failure to follow such procedures shall not invalidate any actions of the Association or Board so long as the action is otherwise valid.

ARTICLE FIVE: OFFICERS

5.1 Designation. The officers of the Board shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board from among the Directors. The Board may elect other officers, as it deems reasonable, and such officers shall have the authority and perform the duties as prescribed by the Board. Any two or more offices may be held by the same person, except President and Secretary.

5.2 Election and Term of Office. The officers shall be elected annually by the Board at the first meeting of the Board following each annual election.

5.3 Removal and Vacancies. The Board may remove any officer whenever in its judgment the best interests of the Association will be served and may fill any vacancy in any office with an alternate Director arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term. An officer that is removed shall remain a Director.

5.4 Powers and Duties. The officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may be specifically conferred or imposed by the Board. The President shall preside over meetings of the Association. The Vice-President (if there's one) shall act as President in the absence of the President. The Secretary shall keep all official records and minutes of the Board and Association and provide all required notices. The Treasurer shall maintain all financial records and facilitate preparation of the budget.

5.5 Resignation. Any officer may resign at any time by giving written notice to the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

5.6 Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks and other instruments of the Association approved by the Board shall be executed by any officer or the managing agent; provided, however, in the event of an emergency, the President shall have such authority as reasonably necessary under the circumstances to act on behalf of the Association.

5.7 Certification. The President and Secretary, or any other Director as authorized by the Board, shall be authorized to prepare, execute and record amendments to the Declaration, contracts and other instruments and documents on behalf of the Association, and the Secretary, or any other Director as authorized by the Board, shall be authorized to certify any instrument or document requiring certification.

5.8 Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 3.165.

ARTICLE SIX: INSURANCE AND RECONSTRUCTION

To the extent reasonably available, the Association shall maintain in force property insurance for the amenities upon the Common Ground, and liability insurance for the Common Ground and its amenities, as well as Directors and Officers insurance and fidelity insurance, and each Owner is responsible for maintaining insurance for the full replacement value of his/her own Lot and Residence, ~~except the Residences upon Attached Home Lots, as provided in this Article.~~

6.1 Association Property Insurance.

(a) Property Insured. The Association shall maintain a property insurance policy to insure the amenities on the Common Ground.

(b) Amounts. The amenities on the Common Ground shall be insured for the full insurable replacement cost.

(1) The Board may obtain appraisals periodically for the purpose of establishing said replacement cost of the amenities on the Common Ground.

(2) The deductible shall be a Common Expense in such amount as the Board may deem reasonable under the circumstances. The Board shall have the authority to allocate the deductible to the Owners that benefit.

(c) Risks Insured Against. The Association's policy shall afford protection against perils, as broadly as reasonably available, under coverage currently known as "special form" or "special causes of loss" and including earthquake. The insurance shall be on a replacement cost basis, as reasonably available. The Association's policy does not protect against coverage available under the National Flood Insurance Program.

(d) Flood Insurance. The Association is not required to maintain insurance for coverage available under the National Flood Insurance Program.

(e) Other Provisions. Insurance policies carried pursuant to this Section 6.1 shall provide that:

(1) If, at the time of a loss under the policy, there is other insurance in the name of the owner covering the same risk covered by the policy, the Association's policy provides primary insurance;

(2) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after written notice of the proposed cancellation or non-renewal has been mailed to the Association, except for nonpayment which shall be not less than ten (10) days' written notice;

(3) The insurer waives the right to subrogation under the policy against any Owner or member of his or her household;

6.2 Association Liability Insurance. Liability insurance shall be provided in an amount determined by the Board but in no event less than \$1,000,000.00, covering all occurrences commonly insured against for death, bodily injury, property damage and personal injury arising out of or in connection with the use, ownership or maintenance of the Common Ground, and the activities of the Association. The Community Manager, if any, shall be named as an insured.

Other provisions. Insurance policies carried pursuant to this Section 6.2 shall provide that:

(a) Each Owner is an additional insured under the policy with respect to liability arising out of the interest of the Owner in the Common Ground or membership in the Association,

(b) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after written notice of the proposed cancellation or non-renewal has been mailed to the Association, except for nonpayment which shall be not less than ten (10) days' notice.

6.3 Owner Policies. Each Owner shall be responsible to maintain insurance for his or her own benefit:

(a) **Property.** Property insurance for his or her Lot or Living Unit including (1) the full repair and replacement value of the Residence, unless otherwise accounted for in a Subindenture and (2) the Owner's personal property and contents in the Lot or Living Unit or stored elsewhere in the Subdivision or is otherwise responsible.

(b) **Liability.** Liability insurance including any damaged property of other Owners or injury or death to persons arising within the Lot or Living Unit or attributable to an occurrence in the Lot or Living Unit.

(c) **Leased Lots.** If a Lot or Living Unit is leased, (1) the Owner shall maintain insurance on the Lot or Living Unit in accordance with this Section 6.3 and (2) the tenant shall be responsible for his own renter's policy including Personal Liability Insurance under Section 6.3(b) above.

6.4 Fidelity Insurance. The Association shall maintain fidelity insurance for anyone who either handles or is responsible for funds held or administered by the Association, whether or not he receives compensation for his services. The policy shall be in the name of the Association. The policy shall be in an amount equal to the maximum amount of funds that will be in the custody of the Association or the manager while the insurance is in force and in no event less than three (3) months assessment income plus reserves.

6.5 Directors' and Officers' Liability Insurance. The Association shall maintain directors' and officers' liability insurance covering all of the Directors and Officers, and naming the Community Manager, if any, as an insured, in such limits as the Board may determine.

6.6 Workers' Compensation Insurance. The Association shall maintain workers compensation insurance if employees are hired or if contractors are hired who do not maintain their own policy.

6.7 Other Insurance. The Association may carry other insurance which the Board considers appropriate to protect the Association or the Owners' interests in the Subdivision and the Association.

6.8 Board Authority. The Board has exclusive authority to determine whether or not to make a claim under any insurance policy of the Association based on the facts and circumstances.

6.9 Reconstruction. Any portion of the Subdivision for which insurance is required under Section 6.1 which is damaged or destroyed shall be repaired or replaced promptly by the Association in the manner provided in Section 6.10 unless:

- (a) the Association is terminated,
- (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or
- (c) eighty percent (80%) of the Owners vote not to rebuild.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense and may be allocated to the Lots and Living Units benefiting from the costs in such fair and reasonable manner as the Board may determine under the circumstances.

6.10 Plans. Restoration shall comply with either the original plans and specifications or other plans and specifications as approved by the Board and a majority of all the Owners. Any Owner, at his sole expense, may make any alterations or improvements to his Lot or Living Unit as permitted by the Board in writing upon his written request.

6.11 Termination and Condemnation. In the event of termination of the Subdivision in connection with a decision not to rebuild the amenities on the Common Ground under Section 6.9, the insurance proceeds may first be applied to removal of all debris, and the balance of the proceeds shall be held in trust by the Association and

distributed to the Owners or mortgagees as the Board determines reasonable after payment of all expenses.

ARTICLE SEVEN: GENERAL PROVISIONS

7.1 Fiscal Year. The fiscal year of the Association shall be a calendar year unless otherwise set by resolution of the Board.

7.2 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally, or sent by first class U.S. mail, postage prepaid, or by email:

(a) to a Member, at his Lot or Living Unit unless the Member has designated a different address for mail or by email, in writing and filed with the Secretary; or

(b) to the Association, Board, or Community Manager, at the principal office of the Association or the Manager, if any, or at such other address as shall be designated by the notice in writing to the Members pursuant to this Section.

7.3 Amendment. These By-Laws may be amended only as provided in Section 13.2 of the Declaration.

7.4 Effective Date. These By-Laws shall be effective upon adoption by a majority of the Members of the Association.

7.5 Corporate Status. The Association shall be organized as a nonprofit corporation under Chapter 355, Mo. Rev. Stat., the Missouri Nonprofit Corporation Act, as provided in Section 3.1(b) of the Declaration.

7.6 Office. The principal office of the Association shall be located within St. Louis County, as determined by the Board or at the principal office of the Community Manager.

7.7 Applicability. The provisions of these By-Laws are applicable to all of the ~~Subdivision-Lots and Living Units~~ subjected to the Declaration.

7.8 Severability. Invalidation of any one of the provisions of these By-Laws, by judgment, order or decree shall in no way affect any other provision of these By-laws, each of which shall remain in full force and effect.

[Signatures are on the next page.]

CERTIFICATION

We, the undersigned, being the President and Secretary of The Harbors at Lake Chesterfield Homeowners' Association, a Missouri nonprofit corporation, in St. Louis County do hereby certify that the foregoing By-Laws constitute the By-Laws of said Association, as duly adopted by the Members of the Association on the ____ day of _____, 2021, and supersede any and all prior By-Laws and amendments.

IN WITNESS WHEREOF, we have hereunto subscribed our names this ____ day of _____, 2021.

THE HARBORS AT LAKE CHESTERFIELD
HOMEOWNERS' ASSOCIATION

By: _____
Its President

[No Seal]

Attest: _____
Secretary