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HOMES ASSOCIATION DECLARATION  
NORTH LAKES

THIS DECLARATION, made this 25<sup>th</sup> day of June, 1987, by NORTH LAKES DEVELOPMENT COMPANY, INC., a Missouri Corporation, existing under the laws of Missouri (hereinafter referred to as "Developer"),

WITNESSETH:

WHEREAS, the Developer is the owner of all of the following described land situated in Platte County, Missouri, more particularly described as:

Lots 1 through 34, both inclusive, NORTH LAKES, FIRST PLAT, an addition in and to the City of Kansas City, Platte County, Missouri, and

Certain tracts of land designated as "PRIVATE OPEN AREA" and described on NORTH LAKES, FIRST PLAT, as Tracts A, B, C, D, and E.

All of the above described is land located in NORTH LAKES, shown on the plat of NORTH LAKES, FIRST PLAT, a subdivision of land in the City of Kansas City, Platte County, Missouri, which plat was recorded in the office of the Recorder of Deeds of Platte County, Missouri, on June 17, 1987, in Plat Book 17, at Page 208, as Document No. 42958 which land is more particularly described on Exhibit "A"; and

WHEREAS, the Developer is now developing the above described land and desires to create and maintain a residential neighborhood possessing features of more than ordinary value to the said community.

NOW, THEREFORE, in order to assist it and its grantees in providing the means necessary to bring about the development of the above described land, the Developer does now and hereby subjects all of the lots or tracts of land located in NORTH LAKES as shown on the recorded plat thereof, to the covenants, charges and assessments set forth and contained in this Declaration, subject, however, to the limitations hereinafter specified.

#### DEFINITIONS OF TERMS USED.

The term "Common Properties" shall mean all real and personal property, including but not limited to: lakes, private open areas, clubhouses, swimming pools, tennis courts, jogging trails and walkways now or hereafter owned in fee by the Association or designated on any Plat of NORTH LAKES as private open space or private open area for the common use and enjoyment of the members as provided herein. The Common Properties in NORTH LAKES, FIRST PLAT, are Tracts A, B, C, D, and E as shown on the said NORTH LAKES, FIRST PLAT described herein.

The term "district" as used in this Declaration shall mean, unless and until extended as hereinafter provided, all of the lots and tracts enumerated above as shown on said plat of NORTH LAKES and including all of the land legally described on Exhibit "A". If or when other land shall, in the manner hereinafter provided, be added to that described above, then the term "district" shall thereafter mean all land which shall, from time to time, be subjected to the terms of this Declaration, including any future modifications

thereof. The term "improved property" as used herein, shall be deemed to mean a single tract under a single ownership and use, and on which tract a residence has been erected or is in the process of erection, or on which any other building not in violation of the restrictions then of record thereon is erected or is in the process of erection. Any other land covered by this Declaration shall be deemed to be vacant and unimproved. The term "public place" as used herein shall be deemed to mean all streets, all public parks, all alley ways, and all similar places the use of which is dedicated to or set aside for the use of the general public. The term "owners" as used herein shall mean those persons or corporations who may from time to time own the land within the district. The term "restrictions" as used herein shall specifically include those contained in the "Declaration of Restrictions of NORTH LAKES" filed in the office of the Recorder of Deeds, Platte County, Missouri, on June 17, 1987, beginning at Page 113, of Book 704, and all amendments thereto.

#### SECTION I. MEMBERSHIP IN ASSOCIATION.

The owners of all of the land hereinabove described, together with the owners of any other land that may from time to time be made subject to all of the terms and provisions of this Declaration in the manner hereinafter provided for, shall be the members of an association, which is hereby created and established to be known as "NORTH LAKES HOMES ASSOCIATION". The Association shall be incorporated under the laws of the State of Missouri as a corporation not

for profit. Membership in the Association shall be limited to the owners of land within the boundaries of the district as it exists from time to time. The Association shall be the sole judge of the qualifications of its members and of their rights to participate in its meetings.

## SECTION II. VOTING RIGHTS.

The NORTH LAKES HOMES ASSOCIATION shall have two (2) classes of voting memberships, as follows:

(1) CLASS A. Each owner, with the exception of the Developer, of a lot in NORTH LAKES, a subdivision in Platte County, Missouri, shall be a Class A member. Each Class A member shall be entitled to one vote for each lot upon which he holds fee simple title. When more than one person holds such interest in any lot, all such persons shall be members and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one lot.

(2) CLASS B. The Class B member shall be the Developer. The Class B member shall be entitled to ten (10) votes for each lot within the district in which the said Developer holds fee simple title.

## SECTION III. LAND ENTITLED TO BENEFITS.

No land shall be entitled to any of the benefits, improvements or services provided by this Association unless the owner or owners thereof shall have subjected their land to the terms of this Declaration and to the assessments herein provided for.

#### SECTION IV. USE OF COMMON PROPERTIES.

The owners of land within the district as it may exist from time to time shall have the exclusive right to the use of all undedicated common properties or private open areas as designated on the plat of NORTH LAKES, FIRST PLAT, or as may be designated on subsequent plats of NORTH LAKES or as may be created by separate document filed for that purpose with the Recorder of Deeds of Platte County, Missouri by the Developer or as otherwise designated herein.

The NORTH LAKES HOMES ASSOCIATION shall have the right and the power to make reasonable rules and regulations which shall govern the use of the said undedicated common areas in addition to those rules and regulations set forth hereinafter.

#### SECTION V. OTHER LANDS - HOW THEY MAY BE ADDED.

The Developer may without the consent of the other owners, from time to time add to the district such land as is now or hereafter owned or approved for addition by said Developer, provided that the land so added to the district shall at that time be bound by all of the terms of this Declaration and any future modifications thereof. PROVIDED, FURTHER, that such additions shall be made within fifteen (15) years from the date of this instrument. This right to add land shall also be subject to the FHA and VA determination that the annexation is in accord with the general plan heretofore approved by them if said general plan approved was requested and received by Developer from the FHA and VA prior to the time of said addition.

SECTION VI. POWERS AND DUTIES OF THE ASSOCIATION.

(1) The Association shall have the following powers and mandatory duties:

(a) To care for, spray, trim, protect and replant trees on all streets and in other public places where trees have once been planted, when such services are not available from any public sources; and to care for, protect and replant shrubbery, resow grass and replace sod in the parks which are in the streets and in any parks, private open space or common properties set aside for the general use of the owners of the district, or to which such owners have access and the use thereof.

(b) To provide for the operation and maintenance, when such services are not available from any public source, of any tennis courts, clubhouses, swimming pools, playgrounds, green areas, private open area, parking areas, walks, pedestrian ways, gateways, entrances, drinking fountains, and ornamental features now existing or which may hereafter be erected or created in said district in any public street or park, or on any land set aside for the general use of the owners of the district, or to which all of such owners have access and the use thereof.

(c) To acquire and own the title to such real estate as may be reasonably necessary in order to carry out the purposes of the Association, and to pay taxes on such real estate as may be owned by it; and to pay such taxes as may be assessed

against land in the public or semi-public places within the district.

(d) To maintain fire and extended coverage on insurable common properties on a current replacement cost basis in an amount at least 100 percent of the insurable value (based on current replacement cost) and not to use hazard insurance proceeds for losses to any common properties for other than the repair, replacement or reconstruction of the common properties.

(e) To maintain bodily injury liability insurance and property damage liability insurance with such limits and deductible amounts as the Board of Directors of the Association shall, in their sole discretion, deem adequate insuring against liability for bodily injury, death or property damage arising from the activities of the Association or with respect to the ownership of the common properties.

(f) To levy and collect the assessments including attorney fees which are provided for in this Declaration.

(2) The Association shall have the following additional powers and duties which it may exercise and perform whenever in its discretion it may deem it necessary or desirable, to-wit:

(a) To enforce, either in its own name or in the name of any owner within the district, any or all building restrictions which may have been heretofore or may hereafter be imposed upon any of the land in such district, either in the form as originally placed thereon or as modified subsequently thereto; to collect attorneys fees in said enforcement proceedings as



provided for herein or in the Declaration of Restrictions; PROVIDED, HOWEVER, that this right of enforcement shall not serve to prevent such changes, releases or modifications of restrictions or reservations being made by the parties having the right to make such changes, releases or modifications as are permissible in the deeds, declarations, contracts or plans in which such restrictions and reservations are set forth, nor shall it serve to prevent the assignment of those right by the proper parties, wherever and whenever such rights of assignment exist. The expenses and costs of any enforcement proceedings shall be paid out of the general fund of the Association as herein provided for. Nothing herein contained shall be deemed or construed to prevent any owner having the contractual right to do so from enforcing in his own name any such restrictions.

(b) To manage and control as trustee for its members all public improvements upon and to the land in the district or improvements in public places, provided that such management and control of said improvements shall at all times be subject to that had and exercised by any City, Township, County and State, or any of them in which the land within the district is located.

(c) To provide for the collection and disposal of rubbish and garbage, when adequate services of that type are not available from any public source.

(d) To mow, care for, maintain and remove rubbish from vacant and unimproved property and to do any other things

necessary or desirable in the judgment of the officers of the Association to keep any vacant and unimproved property and the parking in front of any property in the district neat in appearance and in good order.

(e) To provide for the plowing and removal of snow from sidewalks and streets, when such services are not available from any public source.

(f) To provide such lights as the Association may deem advisable on streets, parks, parkways, pedestrian way, gateways, entrances or other features, and in other public or semi-public places, when such facilities are not available from any public source.

(g) To provide for the cleaning of streets, gutters, catch basins, sidewalks and pedestrian ways and for the repair and maintenance of storm sewers and appurtenant drainage facilities, when such services are not available from any public source.

(h) To erect and maintain signs for the marking of streets and safety signs for the protection of children and other persons, when such signs are not available from any public source.

(i) To employ duly qualified peace officers for the purpose of providing such police protection as the Association may deem necessary or desirable in addition to that rendered by public authorities.

(j) To exercise control over such easements as it may acquire from time to time.

(k) To delegate any of the rights, powers and duties set forth herein to a committee or committee established by the Board of Directors of the Association.

(l) To employ Managers or Managing Agents to assist the Association in the performance of any powers and/or duties in the Declaration.

(m) To promulgate rules and regulations governing the use, maintenance or operation of the common properties, establish methods for enforcement thereof and establish fines or other penalties to be levied for the violation of said rules and regulations.

(n) To maintain fidelity bonds, indemnities or other types of insurance not otherwise required herein as the Board of Directors of the Association may deem advisable.

(o) To borrow money, subject to the provisions of the Articles of Incorporation and Bylaws of the Association, to carry out the duties and functions of the Association and hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(p) Retain and pay for the services of a person or persons or firm or firms, federal, state or local agencies (any one of which is hereinafter called the "Manager") to undertake any functions for which the Association is responsible hereunder, and to engage such other personnel as the Association shall

deem advisable, provided, that no contract with such manager or other personnel shall have a term greater than one (1) year and shall contain a clause permitting the Association to terminate the contract without cause and without payment of a termination fee on ninety (90) days or less written notice.

(q) Establish, charge and collect reasonable admission or other fees for any special or extraordinary uses of the common properties or services provided by the Association.

(r) Suspend the rights and easement of use and enjoyment of the common properties of any member, and the persons deriving such rights and easements from any member, for any period during which the payment of any assessment against such member and the real property owned by such member remains delinquent and, after notice and hearing as provided in the Bylaws, to suspend such rights and easements for the period set forth in the Bylaws for any violation of this Declaration, the Declaration of Restrictions or infraction of any rules and regulations of the Association, it being understood that any suspension for either non-payment of any assessment or a breach of the rules shall not constitute a waiver or discharge of the member's obligation to pay assessments provided for herein.

#### SECTION VII. METHOD OF PROVIDING GENERAL FUNDS.

(1) For the purpose of providing a general fund to enable the Association to exercise the powers and maintain the improvements and render the services herein provided for, all lots lying within the boundaries of the district shall be subject to an annual assessment

which may be levied by the Association from year to year and shall be paid to the Association annually or at such other times as the Association may determine in advance by the respective member-owners of the said assessable land subject thereto, which said assessable land shall be deemed to be all of the above enumerated lots in the aforesaid plat of NORTH LAKES which are then owned by members upon which dwellings have been erected together with such other lots as may from time to time be added to the said district as herein provided and are then owned by members and upon which dwellings have been erected. The Association may from year to year fix and determine the total amount required in this general fund and may levy and collect an annual assessment not exceeding THREE HUNDRED DOLLARS (\$300.00) for each lot then owned by a member and upon which a dwelling has been erected and is within the district as now or hereafter established; PROVIDED, HOWEVER, that in respect to the year in which a dwelling is constructed on any certain lot covered by this declaration, the assessment for the said year shall be pro-rated on the basis of the date of occupancy of said dwelling by the said member and, PROVIDED, FURTHER, HOWEVER, all lots lying within the boundaries of the district upon which a dwelling has not been erected shall be subject to an annual assessment of SIXTY DOLLARS (\$60.00) payable annually but which shall be pro-rated from the date any grantee of Developer acquires title until the date of occupancy of any dwelling erected thereon.

(2) The maximum annual assessment upon each living unit on

each lot as aforesaid may be increased by an amount not exceeding one hundred percent (100%) of the original maximum annual assessment which the Association may levy and collect from year to year, provided that at a meeting of the members specially called for that purpose, prior to the date upon which the assessment is levied for the first year for which such increase is proposed, a majority of the members present at such meeting authorize such an increase by an affirmative vote therefor; AND PROVIDED FURTHER, that the maximum annual assessment upon each living unit on each lot as aforesaid may be increased by an amount not exceeding two hundred percent (200%) of the said original maximum annual assessment, provided that at a meeting of the members specially called for that purpose, prior to the date on which the assessment is levied for the year for which such increase is proposed, sixty percent (60%) of the members present at such meeting authorize such an increase by an affirmative vote therefor.

3 Unless the increases provided for in paragraph (2) of this Section are specifically limited by the resolution in which they are contained to be for a specific period, they shall be effective until rescinded by the Association, at a meeting specially called for such purpose, by an affirmative vote of two-thirds (2/3) of the members present or by action taken under the terms of paragraph 4 of this Section and in either such event the rescission shall be effective commencing on the first day of the next succeeding year.

(4) It is recognized that during the period of the time this agreement may be in effect, substantial changes may occur in the economic status of the United States as a whole and of the

County, Missouri, area in particular, and that in the event of such economic change, either by inflation or deflation, that there should be a provision by which the maximum annual assessment provided for herein may be decreased or increased to a degree greater than that permitted by the other provisions hereof. It is therefore provided that a resolution to such effect, adopted at a meeting of the Association specially called for that purpose, three-fourths (3/4) of the members present at such meeting voting in the affirmative therefor, shall be sufficient to require the Association to petition the Circuit Court of Platte County (hereinafter referred to as the Circuit Court), Missouri, to name three (3) disinterested parties to set a new and reasonable maximum annual assessment for the purposes provided for herein, based on the then current economic conditions, the change to be effective commencing on the first day of the next succeeding year. The decision of a majority of such three (3) disinterested parties shall be final and conclusive and shall be effective until amended by further action of the said panel selected by the said Circuit Court, both under the provisions of this paragraph.

(5) Whenever the Association may deem it advisable to submit to the members a proposal under either Paragraph (2) or Paragraph (4) of this Section for increasing or decreasing the permissible maximum amount of the annual assessment, it shall notify the members of the Association by mailing to such members at the last known address, with United States postage prepaid thereon, a notice of

such meeting, giving the time and place at which it is to be held and the fact that an increase or decrease in the amount of the annual assessment is to be voted upon at such meeting.

(6) The first assessment shall be for the fiscal year beginning August 1, 1987, and it shall be fixed and levied prior to July 1, 1987, and shall be ~~payable on August 1, 1987, and on August 1 of each year thereafter.~~ It will be the duty of the Association to notify all owners of assessable lots whose address is listed with the Association on or before that date, giving the amount of the assessment on each tract owned by them and the date when such assessment is due. Failure of the Association to levy the assessment prior to July 1st of each year for the next succeeding fiscal year beginning on August 1st shall not invalidate any such assessment made for that particular year; nor shall failure to levy an assessment for any one year affect the right of the Association to do so for any subsequent year. When the assessment is made subsequent to July 1st of any year, then it shall become due and payable not later than thirty (30) days from the date of levying the assessment. Prior to the first assessment hereinabove provided for, if the Developer, as temporary Trustee for the Association, shall deem it necessary for the purpose of carrying out the terms of this Declaration, it shall have the right to make a partial assessment within the limits herein provided for and on a pro-rata basis for the period of time ending July 31, 1987. The Association may elect to permit collections in monthly, quarterly or semi-annual payments in lieu of the annual payment provided for herein.



(7) A written or printed notice, deposited in the United States Post Office, with postage prepaid thereon, and addressed to the respective owners at the last address listed with the Association, shall be deemed to be sufficient and proper notice for these purposes or for any purpose of this Declaration where notices are required.

(8) The owner of each lot subject to the assessment as herein provided in subparagraph (1) of this Section shall, by acceptance of a Deed to such lot or any interest therein, be taken to have agreed and does by these presents agree to pay to the Association all assessments placed against such lots in accordance herewith, and said Association is hereby granted the power to proceed against such owner personally for the collection of said assessments, said right to be in addition to and not to be construed as a limitation upon remedies and rights of said Association otherwise herein granted.

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~~(9) The owner of each lot subject to the assessment as herein provided shall pay, at the time of acquisition of title, to the Association a sum equal to four (4) times the amount of the current monthly assessments established hereunder, in advance, to be used by the Association as working capital.~~

(10) In addition to the annual assessments herein provided, the Association may levy Special Assessments against members owning lots in the district for the following purposes:

- a. To construct or reconstruct, repair or replace capital improvements upon the common properties, including the necessary fixtures and personal property related thereto;

b. To add to the common properties:

c. To provide for the necessary facilities and equipment to offer the services authorized herein;

d. To repay any loan made to the Association to enable it to perform the duties and functions authorized herein;

e. The Association shall not, in any one year levy Special Assessments which in the aggregate exceed twenty-five percent (25%) of the estimated gross expenses of the Association as set forth in the budget for such year without the vote or written assent of the members representing a majority of the eligible members of the Association.

(11) Each member shall be liable to the Association for any damage to common properties not fully covered by insurance which may be sustained by reason of the negligence or willful misconduct of said member, or the persons deriving their right and easement of use and enjoyment of common properties from said member or his or their respective family and guests, both minor and adult. Notwithstanding the foregoing, the Association reserves the right, after notice and hearing as provided in the Bylaws, to levy a reimbursement assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by such member or the persons for whom such member may be liable as described above. After notice and hearing as provided in the Bylaws, the cost of correcting such damage to the extent not covered by insurance shall be a reimbursement assessment against the lot and may be enforced as provided herein for the enforcement of other assessments.

SECTION VIII. LIEN ON REAL ESTATE.

(1) The assessment provided for herein shall become a lien on the real estate against which it is levied as soon as it is due and payable as above set forth, PROVIDED, HOWEVER, that such lien shall be inferior or subordinate to the lien of any valid first mortgage now existing or which may hereafter be placed on said real estate. In the event of the failure of any owner to pay the assessment on or before the first day of September following the making of such assessment, then such assessment shall bear interest at the rate selected by the Association not to exceed the highest lawful rate from the first day of August, but if the assessment is paid before September 1st, or within thirty (30) days from the date of the assessment, if the assessment is made subsequent to July 1st for the fiscal year beginning August 1st, then no interest shall be charged.

(2) In the event the assessment is not paid when due as hereinabove described, the assessment shall become delinquent and payment of both principal and interest may be enforced as a lien on said real estate in proceedings in any court in Platte County, Missouri having jurisdiction of suits for the enforcement of such liens. It shall be the duty of the Association to bring suits to enforce such liens before the expiration thereof. The Association may at its discretion file certificates of non-payment of assessment in the office of the Recorder of Deeds whenever any such assessments are delinquent. For each certificate so filed, the Association shall be entitled to collect from the owner or owners of the property described therein a fee of TEN DOLLARS (\$10.00), which fee is hereby

declared to be a lien upon the real estate so described in said certificate without need for assessment as provided for herein provided that such lien shall be inferior and subordinate to the lien of any valid first mortgage now existing or which may hereafter be placed on said real estate. Such fee shall be collectible in the same manner as the original assessment provided for herein and in addition to the interest and principal due thereon.

(3) Such liens shall continue for a period of five (5) years from the date of delinquency and no longer unless within such time suit shall have been instituted for the collection of the assessment, in which case the lien shall continue until the termination of the suit and until the sale of the property under execution of the judgment establishing same.

(4) In all proceedings for enforcement of liens or collection of assessments as herein provided, the Association shall be entitled to recover the reasonable attorneys fees whether or not the same have been assessed as provided for herein.

#### SECTION IX. EXPENDITURES LIMITED TO ASSESSMENT FOR CURRENT YEAR.

The Association shall at no time expend more money within any one (1) year than the total amount of the assessments authorized herein for that particular year plus any surplus which it may have on hand from the previous assessments; nor shall said Association enter into any contract whatsoever binding the assessment of any future year to pay for any such obligation and no such contract shall be valid or enforceable against the Association except for

contracts for utilities, it being the intention that the assessment for each year shall be applied as far as practicable toward payment of the obligations of that year and that the Association shall have no power to make a contract affecting the assessment of any future or subsequent year except for utilities.

SECTION X. ASSOCIATION TO NOTIFY MEMBERS OF ADDRESS.

The Association shall notify all owners of land in the district as it may exist from time to time, insofar as the addresses of such owners are listed with said Association, of the official address of said Association, the place and time of the regular meetings of the Association, and the place where payments shall be made and any other business in connection with said Association may be transacted and, in the case of any change of such address the Association, shall notify all the owners of the land in the district, insofar as their addresses are listed with the Association, of the new address.

SECTION XI. TEMPORARY TRUSTEE.

Prior to the actual organization or incorporation of the Association contemplated by the terms of this Declaration, the Developer shall have the right at its option to perform the duties, assume the obligations, levy and collect the assessments, and otherwise exercise the power herein given to the Association in the same manner and way as though all of such powers and duties were hereby given directly to the Developer. The Association contemplated by the terms of this Declaration shall not assume any of the rights herein provided for without the consent of the Developer and its relinquishment in writing of its rights as temporary Trustee. The

Developer may, by appropriate agreement made expressly for that purpose, assign or convey to any person or corporation all of the rights, reservations and privileges reserved by it in this Section and, upon such assignment or conveyance being made, its assigns or grantees may, at their option, exercise, transfer or assign such rights at any time or times in the same manner and way as though directly reserved by them or it in this instrument.

SECTION XII. TO OBSERVE ALL LAWS.

Said Association shall at all times observe all State, County, City and other laws and, if at any time any of the provisions of this Declaration shall be found to be in conflict therewith, then such parts of this Declaration as are in conflict with such laws shall become null and void, but no other part of this Declaration not in conflict therewith shall be affected thereby. The Association shall have the right to make such reasonable rules and regulations, and provide such means and employ such agents as will enable it to adequately and properly carry out the provisions of this Declaration, subject, however, to the limitations of its rights to contract as are herein provided for.

SECTION XIII. EXTENT OF MEMBERS EASEMENTS.

The rights and easements of uses and enjoyment of the common properties established in the Declaration of Restrictions hereinbefore described and in this Declaration shall be subject to all of the powers and duties, mandatory and discretionary, granted to the Association herein.

#### SECTION XIV. MORTGAGE PROTECTION.

Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the Beneficiary under any first Deed of Trust upon a lot made in good faith and for value and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such first Deed of Trust such lot shall remain subject to this Declaration as amended. In order to induce the Federal Home Loan Mortgage Corporation ("FNMA") and the Governmental National Mortgage Association ("GNMA") to participate in the financing of the sale of lots within NORTH LAKES, the following provisions are added hereto (and to the extent these added provisions pertaining to the rights of Mortgagees conflict with any other provisions of this Declaration these added restrictions shall control):

(a) Each first Mortgagee of a mortgage encumbering any lot in NORTH LAKES, upon filing a written request for notification with the Association, is entitled to written notification from the Association of any default by the Mortgagee of such lot; in the performance of such Mortgagor's obligations under this Declaration, the Declaration of Restrictions, the Articles of Incorporation or the By-Laws of the Association, which default is not cured within thirty (30) days after the Association learns of such default.

(b) Every owner of a lot in NORTH LAKES, including every first Mortgagee of a Mortgage encumbering any such lot, who obtains title to such lot pursuant to the remedies provided in such Mortgage or pursuant to foreclosure of the Mortgage or by deed (or assignment in lieu of foreclosure), shall be exempt from any "right of first refusal".

(c) Each first Mortgagee of a Mortgage encumbering any lot in NORTH LAKES, who obtains title to such lot pursuant to the remedies provided in such Mortgage or by judicial foreclosure, shall take title to such lot free and clear of any claims for unpaid assessments or charges against such lot which accrued prior to the time such holder acquires title to such lot.

(d) Unless at least two-thirds (2/3) of the owners of lots (other than Developer and based upon one vote for each lot owned) in NORTH LAKES have given their prior written approval, the Association shall not:

(i) subject to the provisions of the Missouri Law to the contrary, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common properties or the improvements thereon which are owned, directly or indirectly, by the Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association shall not be deemed a transfer within the meaning of this clause);

(ii) change the method of determining the obligations, assessments or other charges which may be levied against owners of lots;

(iii) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the dwelling units on the lots, the exterior maintenance of dwelling units, the maintenance of the common properties.



fences and driveways and the upkeep of lawns and plantings within NORTH LAKES;

(iv) fail to maintain fire and extended coverage insurance on insurable common properties and improvements thereon on a current replacement cost basis in an amount at least one hundred percent (100%) of the insurable value (based on current replacement costs);

(v) use hazard insurance proceeds for losses to any common properties for other than the repair, replacement or reconstruction of such common properties;

(vi) no owner of a dwelling unit on any lot or any other party, subject to Missouri law, shall have priority over any rights of a first Mortgagee of such dwelling unit pursuant to its Mortgage in the case of payment to the dwelling unit owner of insurance proceeds or condemnation awards for losses to or a taking of common properties.

(e) First Mortgagees, upon written request, shall have the right to (i) examine the books and records of the Association during normal business hours, (ii) require from Association the submission of annual financial reports and other financial data, (iii) receive written notice of all meetings and (iv) designate in writing a representative to attend all such meetings.

(f) All first Mortgagees, who have made written request therefor, shall be given (i) thirty (30) days' written notice prior to the effective date of any proposed material amendment to this Declaration, the Declaration of Restrictions, the Articles of

Incorporation or By-Laws of the Association and (ii) prior to the effective date of any termination of an agreement for professional management of the common properties following a decision of the Association to assume self-management of the common properties; and (iii) immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the common properties whenever the cost of reconstruction exceeds TEN THOUSAND DOLLARS (\$10,000.00), and (iv) as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the common properties.

(g) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any of the common properties and may pay any overdue premiums on hazard insurance policies for such property and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(h) At its discretion, the Association, shall pay for, secure, and cause to be maintained in force at all times a fidelity bond for any person or entity handling funds of the Association including, but not limited to, employees of the professional manager.

(i) In addition to the foregoing, the Association may enter into such contracts or agreements as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar entity so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering lots with dwelling units thereon. Each owner

hereby agrees that it will benefit the Association and the membership of the Association as a class of potential Mortgage Borrowers and potential sellers of their residential lots, if such agencies approve the NORTH LAKES as a qualifying subdivision under their respective policies, rules and regulations as adopted from time to time

(j) Each owner hereby authorizes the first Mortgagee of a first Mortgage on his lot to furnish information to the Board concerning the status of such first Mortgage and the loan which it secures.

#### SECTION XV. AMENDMENT.

By written consent of the owners of two-thirds (2/3) of the lots within the district as then constituted, evidenced by a Declaration duly executed and acknowledged by such owners and recorded in the office of the Recorder of Deeds, Platte County Missouri, this instrument may be modified and amended, PROVIDED, HOWEVER, no such amendment shall be effective without the written consent of the Developer. Said written consent of the Developer shall be required until the Developer has sold all lots in NORTH LAKES or waived its rights under this paragraph or December 31, 2010, whichever shall first occur.

#### SECTION XVI. COVENANTS RUNNING WITH THE LAND.

All of the provisions of this Declaration shall be deemed to be covenants running with the land and shall be binding upon the Developer and upon its successors and assigns.

SECTION XVII. PARTIAL INVALIDITY.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

SECTION XVIII. ADDITION OF OTHER LAND.

The Developer shall have, and expressly reserves, the right from time to time to add such other land as it may now own or hereafter acquire to the operation of the provisions of this Declaration by executing and acknowledging any appropriate agreement or agreements for that purpose and filing the same for record in the office of the Recorder of Deeds of Platte County, Missouri. When any other land is so subjected to the provisions hereof, whether the same consists of one or more tracts or whether said additions shall be made at one or more times, said land so added shall be subject to all the terms and provisions hereof, in the same manner and with like effect as though the same had been originally described herein and subjected to the provisions hereof. Such other land may include additional common properties which shall be owned, held and used by the Association in accordance with the terms of the Declaration of Restrictions and this Declaration. Developer hereby expressly reserves the right to, at any time or from time to time, construct additional improvements on the common properties for the enhancement thereof and the use and enjoyment of the members.

IN WITNESS WHEREOF, the Developer, NORTH LAKES DEVELOPMENT COMPANY, INC., has caused this instrument to be executed the day and year first above written.

