

**OAKPOINT II TOWNHOUSE ASSOCIATION
BY-LAWS**

ARTICLE I

NAME AND LOCATION

The name of the corporation is OAKPOINT II TOWNHOUSE ASSOCIATION, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at the Town of Holiday Island, Carroll County, Arkansas, but meetings of members and directors may be held at such places within the State of Arkansas, County of Carroll, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Assessment" shall mean and refer to an assessment, whether annual or special, which is levied, charged or assessed against an Owner and his Lot in accordance with the provisions of the Declaration, of Covenants, Conditions and Restrictions, and shall become a debt of such Owner and a lien against his/her Lot as hereinafter provided, and as more fully provided in the Declaration aforementioned.

Section 2. "Association" shall mean and refer to the Oakpoint II Townhouse Association, Inc., a non-profit Arkansas corporation, or its successors or assigns, which entity shall consist of all the Owners of Lots in the Project, and which shall have the duty of maintaining, repairing, operating, managing, and administering the Project in the manner and to the extent provided herein and in its Articles of Incorporation and its Declaration of Covenants, Conditions and Restrictions.

Section 3. "By-laws" shall mean and refer to the duly adopted By-laws of the Association as the same may from time to time be amended.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for the Oakpoint II Townhouses, Holiday Island, Arkansas.

Section 5. "Limited Common Property" shall mean and refer to the entire Project except for the Living Units and the Lots on which such Living Units are located, as shown on the recorded subdivision plat of the Project. The Limited Common Property is intended to be devoted to the common use and enjoyment of the Owners within the Project.

Section 6. "Lot" shall mean and refer to any parcel of the Property located beneath and around a Living Unit as shown upon the recorded subdivision plat of the Project.

Section 7. "Living Unit" shall mean and refer to any individual townhouse situated upon a Lot. The Living Units are in 13 separate buildings within the project. There are 12 buildings of (4) Living Units and one building with (2) Living Units, a total of 50 Living Units. Each Living Unit is designed and intended for the use and occupancy as a residence by a single family.

Section 8. "Owner" shall mean and refer to any person, firm, corporation or other association which owns a Living Unit and the Lot beneath such Living Unit, but shall not include any person, firm, corporation or other association having such interest merely as security for the performance of an obligation.

Section 9. "Association Property" shall mean (i) all tangible and intangible personal property acquired by Developer in connection with its acquisition of the Property and transferred to the Association by Developer in accordance with Article III of the Declaration (ii) the Limited Common Property transferred to the Association by Developer in accordance with Article III of the Declaration, and (iii) any real or personal property which shall hereafter be acquired, owned, held or controlled by the Association for the use, benefit and enjoyment of the Owners as a whole, and any replacements, substitutions or additions thereto. No Owner shall have any proprietary interest in the Association Property, and the transfer by Developer of a Lot and Living Unit to an Owner shall not transfer to such Owner any proprietary interest in the Association Property.

Section 10. "Parking Area" shall mean those portions of the Limited Common Property as shown on the recorded subdivision plat of the Project, to which an exclusive right of use shall automatically be conveyed for parking purposes only to each Owner at the time of purchase of his Lot and Living Unit. Each Parking Area shall consist of two parking spaces for each Lot, and one of which parking spaces will be under a carport, and the other parking space will be uncovered and immediately adjacent to the parking space under the carport.

Section 11. "Storage Area" shall mean those portions of the Limited Common Property as shown on the recorded subdivision plat of the Project to which an exclusive right of use for storage purposes only shall automatically be transferred to each Owner at the time of purchase of his Lot and Living Unit.

ARTICLE III

MEMBERSHIP

Section 1. Members. Each owner shall automatically, upon becoming an Owner of a Lot and Living Unit, become a member of the Association and shall remain a member thereof until he shall cease to be an Owner. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2. Voting Rights. There shall be one Class of Voters. Each Owner in good standing, with assessments paid in full, of a Lot and Living Unit within the Association shall be entitled to one vote for each Lot and Living Unit owned. When more than one person holds an 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 Lot and Living Unit, nor shall there be any split votes among multiple Owners of a single Lot and Living Unit.

Section 3. Annual Meetings. The regular meetings of the members shall be held on the second Saturday of April, unless there is a conflict with a legal holiday, in each Year, at the hour to be set each Year by the Board of Directors.

Section 4. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors, or upon the written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of Class A membership.

Section 5. Notice of Meetings. Unless waived in writing by a Member, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association for the purpose of notice. Such

notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 6. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes of the entire membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 7. Proxies. At all meetings of members, each member may vote in person, by absentee ballot, or by proxy.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors of five (5) directors, who must be Members of the Association.

Section 2. Term of Office. Each director of the Board of Directors shall be elected for a term of (3) years.

Section 3. Removal. Any director may be removed from the Board of Directors without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board of Directors and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. A director may receive compensation only for performing duties beyond those described in Article VII, provided that the additional duties would otherwise require compensation, and provided that the additional duties and amount of compensation are approved by unanimous vote of the Board of Directors.

Section 5. Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. A Nominating Committee shall make nomination for election to the Board of Directors. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine,

but not less than the number of vacancies that are to be filled. Such nominations must be made from members of the Association.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article III hereof. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least once each year on the same day as the Annual Meeting and at other times during the year as needed. Meetings may be conducted by telephone, fax or e-mail as needed.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than (3) days notice to each director, unless such notice is waived in writing.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Limited Common Property and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the Limited Common Properties of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a maintenance manager, an accountant-bookkeeper, and other such employees as they deem necessary, and to prescribe their duties.

- (f) Have and to exercise any and all powers, rights and privileges that a corporation organized under the Nonprofit Corporation Law of the State of Arkansas by law may now or hereafter have or exercise.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members.
- (b) appoint all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each Lot and Living Unit at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause a plan for the repair, rebuilding and renovation of any Living Unit(s) damaged or destroyed in any manner whatsoever;
- (g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (h) cause the Limited Common Properties and portions of Lots lying outside the exterior of Living Units to be maintained;
- (i) cause the exterior and party walls of the Living Units to be maintained.
- (j) keep records of assessment payments of all Owners.
- (k) keep records of all designated parking and storage areas.
- (l) levy and collect all fines as provided in Article XI of the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors; a Secretary, and a Treasurer and such other officers as the Board may from time to time by resolution create. All officers shall, at all times, be members of the Association.

Section 2. Election of Officers. The officers of this Association shall be elected annually by the Board of Directors, and such election shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Each officer shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

- (a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out, shall sign all leases, mortgages, deeds and other written instruments, shall co-sign all promissory notes, and may sign checks.

Vice President

- (b) The Vice President shall act in the place and stead of the President in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board of Directors.

Secretary

- (c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal;

serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

Treasurer

- (d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books to be used for an accounting at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members. In the event that the Board employs an individual or firm to provide accounting-bookkeeping and related activities, the Treasurer is responsible to review the records maintained by that individual or firm at least semi-annually.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint from their number, or from among such persons as the Board of Directors may see fit, one or more committees, on a temporary or permanent basis. The members of such committee shall serve at the pleasure of the Board of Directors. Such committees shall advise with and aid the officers of the Association in all matters designated by the Board of Directors.

The members of any committee shall not receive any salary for their services as committee members.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration each Member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the property, against which the assessment is made. Any assessments, which are not paid when due, shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and

reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse or waiver of the use of the Limited Common Properties of abandonment of his Lot and Living unit.

ARTICLE XII

INSURANCE

Section 1. General Coverage. The Board of Directors, for the benefit of the Association and the Owners, shall acquire and shall pay for, out of the assessments levied and collected, certain insurance coverages as follows:

- (a) Fire insurance policy with extended coverage endorsement, for the full insurable replacement value, without deduction for depreciation, of all Living Units, Lots and the Limited Common Property, including buildings, improvements and fixtures, and all other insurable common property of the Association, or such other fire and casualty insurance as the Board of Directors shall determine gives substantially equal or greater protection to the Owners and the Association as a whole, as well as to mortgagees, as their respective interest may appear, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee(s) of each Living Unit, with certificate of insurance to be issued to each Owner.
- (b) A policy insuring the Association, the Board of Directors and the Owners against any liability to the public or to the Owners, their agents, servants, invitees and tenants, incident to the ownership and use of the Living Units, Lots and the Limited Common Property, and including the personal liability of the Owners, Limits of liability under such insurance shall not be less than \$1,000,000.00 for any one person injured and any one accident, and shall not be less than \$200,000.00 for property damage per each occurrence, such limits and coverages to be reviewed annually by the Board of Directors and increased in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement wherein the rights of the named insured under the policy shall not be prejudiced as respects his, her, its or their action against another named insured.
- (c) Worker's compensation insurance to the extent necessary to comply with any applicable law.
- (d) Such other insurance for such other risks as the Board of Directors shall determine is necessary.

Section 2. Governing Provisions. The insurance hereinabove provided for shall be governed by the following provisions:

- (a) All policies shall be written with a company licensed to do business in the State of Arkansas.
- (b) Exclusive authority to adjust losses under the policies, except those issued pursuant to Section 1. (b) of this Article, shall be vested in the Board of Directors or its authorized representative.

- (c) In no event shall the insurance coverage obtained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their mortgagees.
- (d) Each Owner may obtain additional insurance at his own expense, including contents coverage, provided, however, that no Owner may maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, in behalf of the Association and all Owners, may realize under any insurance policy which the Board of Directors may have in force at any particular time.
- (e) Each Owner shall be required to notify the Board of Directors of all permanent improvements made by the Owner to his Living Unit, the value of which is in excess of \$1,000.00.
- (f) Any Owner who obtains individual insurance policies covering any portion of the project other than personal property belonging to such Owner, shall be required to file a copy of such individual policy or policies with the Board of Directors within (30) days after purchase of such insurance.
- (g) The Board of Directors shall be required to make every effort to secure insurance policies that will provide for the following:
 - (i) A waiver of subrogation by the insurer as to any claims against the Board of Directors, the Owners, members of their households, and their respective agents, servants, invitees, guests and tenants.
 - (ii) That the policy or policies cannot be canceled, invalidated or suspended because of the conduct of any officer, member or employee of the Board of Directors without a prior demand in writing that the Board of Directors cure the defect.
 - (iii) That any "no other insurance" clause exclude individual Owners' policies from consideration.
 - (iv) That no cancellation, invalidation or suspension can take effect in any policy unless the carrier gives at least thirty (30) days' prior written notice to the Board of Directors, to each Owner, and to all mortgagees.

Section 3. Review. The Board of Directors shall review the amount of coverage of such insurance annually and shall keep all Living Units, Lots and Limited Common Property insured in such amount as to insure full reconstruction in the event of fire or other insurable casualty. The annual insurance review to be conducted by the Board of Directors shall include an appraisal of the improvements by a representative of the insurance carrier writing the policy or policies, or, from some other reputable source.

ARTICLE XIII

DAMAGE OR DESTRUCTION

Except for damage or destruction caused by the grossly negligent, or intentional, or malicious act or omission of any Owner, damage to or destruction of any Living Unit, or the

Limited Common Property shall be promptly repaired and restored by the Association using the proceeds of insurance held by the Association for that purpose, and all Owners shall be liable for assessment for any deficiency in such insurance coverage in proportion to their respective undivided ownership interest.

ARTICLE XIV

AMENDMENTS

Section 1. Method. These By-laws may be amended by an instrument signed by two-thirds (2/3) of all the Members, or their proxies, provided that those provisions of these By-laws which are governed by the Articles of Incorporation of the Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter governed by the Declaration applicable to the Lots, Living Units, and Limited Common Property may not be amended except as provided in such Declaration.

Section 2. Conflicting Provisions. In case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

This is a typed copy of all amended and proposed By-Laws approved by the Oak Point II Townhouse Association, Inc. at the annual meeting held April 13, 2002. The original copy of the By-Laws resides with the Secretary of The Oak Point II Townhouse Association, Inc.