

BYLAWS
OF
THE COVES II PROPERTY OWNERS ASSOCIATION
(An Arkansas Unincorporated Non-Profit Association)

ARTICLE I

REGISTERED OFFICE

- 1.1 The Coves II Property Owners Association, an Arkansas Unincorporated Non-Profit Association under Ark. Code Ann. § 4-28-601 (the "Association"), shall have at all times within the State of Arkansas a registered office and a registered agent. The Association may have other offices within the State of Arkansas as may be determined from time to time by its Board of Directors (the "Board").

ARTICLE II

ADOPTION OF DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AS PART OF THE BYLAWS

- 2.1 Adoption by reference. The Declaration of Covenants, Conditions, and Restrictions for The Coves II, a Subdivision to the City of Fayetteville, Arkansas, ("Declaration/Covenants") as recorded in the Washington County Clerk's records as Document #2016-00004233 on February 19, 2016, and any amendments thereto hereafter made, if any, are hereby adopted and incorporated as part of these Bylaws by reference as though the same were set out herein word for word. These Bylaws shall have retroactive application back to the date that the Association was first created by the Declaration.
- 2.2 Declaration to Control. In the event any provision contained in these Bylaws or any rule or regulation of the Association or any other acts of the Association shall be in conflict with the Declaration, then the Declaration shall control.
- 2.3 General Authority. The Association is charged with the duties and has the powers prescribed by Ark. Code Ann. § 4-28-601, et seq., and as set forth in the Declaration and these Bylaws, to perform all such acts as may be necessary or desirable to enforce the provisions of the Declaration, these Bylaws and any rules and regulations duly adopted by the Board of Directors with regard to the Subdivision.

ARTICLE III

DEFINITIONS

- 3.1 The following words, when used in these Bylaws shall have the following meaning:
- a. **"Bylaws"** shall mean and refer to this document and all declarations and Bylaws contained herein.

- b. **“Common Property”** or **“Common Properties”** shall mean all real property, personal property and any improvements thereon and the like, owned, leased or hereafter acquired by the Association. Common Properties are for the exclusive common use, service and enjoyment of the Members.
- c. **“Declaration”** shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for The Coves II, a Subdivision of the City of Fayetteville, Arkansas, as described above.
- d. **“Declarant/Developer”** shall mean and refer to WC Coves II, LLC and/or its affiliates and assigns.
- e. **“Lot”** or **“Lots”** shall mean any numbered Lot designated on the Plat of the Subdivision.
- f. **“Member”** or **“member”** shall mean and refer to each Owner of a Lot or entities who are members of the Association as provided herein.
- g. **“Owner”** or **“owner”** shall mean and refer to each and every person or business entity who or which is a record owner or subsequently becomes a record owner of a fee or undivided fee interest in any Lot.
- h. **“Plat”** means the map of the plat of The Coves II, Fayetteville, Washington County, Arkansas.
- i. **“Association”** shall mean and refer to The Coves II Property Owner’s Association.
- j. **“Subdivision”** shall mean and refer to The Coves, an Addition to the City of Fayetteville, Arkansas, and all phases thereof as the context may require.
- k. **“Resident”** shall mean an occupant of a dwelling on any Lot, regardless of whether that person owns the Lot.
- l. **“Board”** or **“Board of Directors”** shall mean and refer to the Board of Directors of the Association elected in accordance with the provisions of these ByLaws.

ARTICLE IV

PROPERTY SUBJECT TO THESE BYLAWS

- 4.1 The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to these Bylaws and the Declaration, is located and situated in the city of Fayetteville, Washington County, Arkansas, having been duly platted as **Lots # 1-45, The Coves II, a subdivision to the City of Fayetteville, Washington County, Arkansas, per Plat filed on February 12, 2016 as Document #016720660002**, and hereinafter referred to as “The Coves” (“the Subdivision”).

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS OF THE ASSOCIATION

- 5.1 **Membership:** Every Owner of a Lot shall automatically be a member of the Association. In the event the Owner of a Lot is a corporation or partnership, a partner or corporate officer shall be designated to cast the vote on behalf of the partnership or corporation.
- 5.2 **Voting Rights:** The Association shall have one (1) class of membership for purposes of voting. Owners shall be entitled to one (1) vote for each Lot owned by the Owner. Notwithstanding, the Declarant shall have four (4) votes per Lot on all matters until Declarant has conveyed 99% of the Lots to other Owners (at which time the Declarant shall have one (1) vote per Lot still owned).

- 5.3 Membership meetings: The Association Members shall annually hold a regular meeting to discuss and vote upon any matters as allowed by these Bylaws, including the election of Directors. The date of the annual meetings will be scheduled subject to the discretion of the Board of Directors but not before thirty (30) days notice is provided to all Members by mailing said notice to all Members at their last known address.
- 5.4 Special Meetings: Special Meetings of the Members may be called by the Board or by twenty percent (20%) of the Members by delivering written notice to all Members not less than ten (10) days nor more than thirty (30) days prior to the date of said meeting, stating the date, time, place, and purposes of the special meeting.
- 5.5 Waiver of Notice. Waiver of notice of any meeting of the Members shall be deemed the equivalent of proper notice. Any Member may waive notice of any meeting of the Members, whether before or after such meeting. Attendance at a meeting shall be deemed a waiver of notice.
- 5.6 Quorum: A quorum of Members for any meetings shall be deemed present throughout such meeting if Members represented in person or by proxy and holding more than fifty percent (50%) of the votes entitled to be cast at such meeting are present at the beginning at such meeting.
- 5.7 Consents: Any action which may be taken by a vote of the Members may also be taken by written consent signed by all Members.
- 5.8 Ballots. Any action that may be taken at any meeting of Members may be taken without a meeting if the Board or Association delivers a written ballot to every Member entitled to vote on the matter.
- 5.9 Majority Requirement. Any action to be taken by vote of the Members (except for actions not in compliance with the Declaration or these Bylaws) shall pass if approved by more than fifty percent (50%) of the Quorum present at a meeting or by more than fifty percent (50%) of the total Members if voting via ballots.

ARTICLE VI

DIRECTORS AND OFFICERS

- 6.1 Initial Board of Directors: The initial Board of Directors shall be composed of three (3) appointed representatives of the Developer/Declarant who shall serve until new Lot Owner directors are appointed to replace the initial Directors. These initial Directors need not be Members. This right of the Declarant to appoint Directors shall continue until the sooner of when (1) the Declarant formally turns over control of the Association, which may be accomplished by appointing replacement Directors consisting of Lot Owners other than Declarant or (2) the Declarant no longer owns any Lots. The initial Directors as appointed by Developer shall be David Frye, Stephen Lieux, and Dana Danvers.
- 6.2 Number and Election of Directors: There shall be not less than three (3) Directors nor more than five (5). After the term or upon the resignation of the initial Directors and via special meeting called by the initial Board, the Members shall elect the Board of Directors.

The initial 3 Directors may, but shall not be obligated, call a special meeting of the Members to elect two (2) additional Directors from amongst the Members. After a Director's term as set out below, elections for new Directors shall be held at the annual meeting of the Members.

- 6.3 Term. Except for the initial Directors, Directors shall serve a two (2) year term but may serve longer if so voted. Directors and officers shall serve with no compensation. Any Director may resign by giving written notice to the Board. With the exception of the initial Directors or any other Directors appointed by the Developer/Declarant, a Director may be removed by the Members at a special or annual meeting by vote of the Members. Any Director seat that is resigned or removed shall be filled by the Board for the remainder of that Director's term. A replacement Director shall be elected at the next annual meeting.
- 6.4 Election of Officers: The Board may elect and appoint a President, Secretary and Treasurer to serve as needed, otherwise the Directors shall serve in such capacities.
- 6.5 Duties of President: The President shall serve as a point of contact for the Members regarding all POA matters and shall preside over meetings, as needed. The President shall also carry out all other duties as may be prescribed by the Board. Otherwise, the President may not take any action without the express approval of the Board.
- 6.6 Duties of Secretary: The Secretary of the Association shall keep the minutes of the meetings of the members and the Membership and shall keep and make all other records and reports, except for accounting purposes, necessary and proper to the operation of the Association.
- 6.7 Duties of Treasurer: The Treasurer of the Association shall keep the books of account of the Association, maintain deposit accounts for the funds of the Association which shall be subject to withdrawal upon the signature of the Treasurer and whose signatures shall be duly certified to the depositories of the Association, and be responsible for the proper reporting to any governmental agency and the membership of the Association for funds received and paid out, including the responsibility to submit a financial report to the members at each regular member's meeting and to the membership at the annual meeting of the membership.
- 6.8 Duties of Directors: The business and property of the Association shall be managed by the Board of Directors and shall include, but not be limited to: keeping Association records; prepare budgets; fix, collect and enforce assessments; maintain and manage all Common Properties; pay applicable taxes. All decisions and actions of the Board shall be made by majority vote.
- 6.9 Powers of Directors: The Board shall have the powers necessary for the administration of the affairs of the Association and may do all such acts and things, except for those acts or things which are exclusively reserved to the Members, to carry out said administration and to fulfill the obligations of the Association pursuant to the Declaration. These powers shall include, but not be limited to: adopting rules and regulations consistent with the Declaration for the management of the Subdivision; levy, collect and enforce assessments as provided for in the Declaration; sue Owners and others to collect delinquent assessments or cure violations of the covenants and restrictions set forth in the Declaration or other rules or regulations; borrow money and conduct banking transactions

for the benefit of the Common Properties and the Subdivision; employ managing agents, accountants, and attorneys as needed.

- 6.10 Execution of Documents: The Board shall have the power to designate the agents who shall have the authority to execute any instrument on behalf of the Association.

ARTICLE VII

PLAN FOR MAINTENANCE OF COMMON PROPERTIES

- 7.1 At such time as the Common Properties are conveyed or dedicated by the Developer/Declarant to the Association, the cost, maintenance, capital improvements, operation, taxes and other expenses incident to the Common Property, including all actions necessary to maintain compliance with local, state and federal codes and ordinances with respect to the Common Property, shall be the obligation of the Association and shall be paid from assessments against each Lot as herein provided and as stated within the Declaration. All other Common Properties designated by the Association shall also be maintained at the expense of the Association.

ARTICLE VIII

PROPERTY RIGHTS OF THE COMMON PROPERTIES

- 8.1 Members' Easement for Enjoyment: Subject to the provision of this article and related provisions set forth elsewhere herein or within the Declaration, every Member shall have a right of enjoyment in and to the Common Properties and the areas, subject to the rules and regulations governing such use by the Declarations or as promulgated, from time to time, by the Association. Such right and easement shall be appurtenant to and shall pass with the conveyance of title to every Lot.
- 8.2 Extent of Member's Right of Enjoyment: The rights of easements of enjoyment created hereby shall be subject to the following:
- a. The right of the Association to borrow money for the purpose of acquiring, constructing, improving, and maintaining the Common Properties and in aid thereof to mortgage said properties or execute a deed of trust or other instrument covering said properties. In the event of default upon any such mortgage, the lender shall have a right, after taking possession of such properties, to charge service or use charges, admission and other fees as a condition to continued enjoyment by the Members, and other fees as a condition to continued enjoyment by the Members, and if necessary to have other relief as permitted by law; and
 - b. The right of the Association to pass and enforce rules and regulations related to use, control, and maintenance of the Common Properties and the areas situated thereon.
 - c. All restrictions, conditions and limitations on use as set forth in the Declaration.

ARTICLE IX

COVENANT FOR MAINTENANCE AND OTHER ASSESSMENTS

- 9.1 Liens. Each Owner of any Lot, by the acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay the Association:
- (i) Regular assessments or charges for maintenance, taxes and insurance on Common Properties as herein set forth and as established by the Association;
 - (ii) Special assessments for capital or other improvements or acquisitions, which assessments are to be established and collected as hereinafter provided;
 - (iii) Special individual assessments which might be levied against individual Lot Owners to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner, his family, guests, or invitees and not caused by ordinary wear and tear; and
 - (iv) Individual assessments and fines levied against individual Lot Owners for violation of rules and regulations pertaining to the Association and/or Common Properties.

The annual and special assessments, together with interest, costs and reasonable attorney's fees required to collect the same, if any, shall be a continuing lien against the Lot owned by the party failing to make the payment as due. Assessments shall be made pursuant to the Bylaws of the Association.

- 9.2 Purpose. The assessments levied by the Board on behalf of the Association shall be used to enhance the natural environment, appearance and beauty of the Subdivision, promote the health, recreation, safety, and general welfare of the residents, and maintenance, repair and improvement the Common Properties. The assessments shall also serve any specific purposes set forth in the Declaration.
- 9.3 Deposit of Assessments. All sums from assessments or related payments shall be collected and held by the Association and shall be used for the purposes set forth in these Covenants and the Bylaws of the Association.
- 9.4 Initial Assessment. (Intentionally omitted)
- 9.5 Regular Assessments. The annual assessment per Lot shall be \$250.00 for the year 2016. Thereafter, the assessment rate shall be set by a vote of the Board of Directors of the Association. The Board shall give notice to all Members at least thirty (30) days in advance of the date all regular or special assessments are due. All regular assessments shall be collected in advance and shall be due on or before January 1 for the year it is due or whatever other date as amended by the Board. The Board of Directors may not increase the annual assessments by more than twenty-five percent (25%) over the previous year's assessment without the approval of a majority of the Lot Owners to raise their assessments.
- 9.6 Special Assessments. In addition to the regular assessments authorized above, the Board may levy in any assessment year a special assessment applicable to that year only for the

purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any capital improvements or easements within the Subdivision. The decision to make the special assessment and the amount of the special assessment shall be made in accordance with the Bylaws of the Association.

- 9.7 Effect of Nonpayment. If any assessment or fine or any part thereof is not paid on the dates when due, then the unpaid amount of such assessment shall be considered delinquent and shall, together with any late charge and interest thereon at the maximum rate allowed under applicable law, and costs of collection thereof, thereupon becoming a continuing debt secured by a self-executing lien on the Lot of the non-paying Owner which shall bind such Lot in the hands of the Owner and Owner's heirs, executors, administrators, devisees, personal representatives, successors and assigns. The Board shall have the right to reject partial payments of an unpaid assessment and demand the full payment thereof. The lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may waive or otherwise escape liability for any assessment provided herein by non-use of the Common Properties or abandonment of the Lot or House.
- 9.8 Collection. The Board shall send out notice to all Members as provided above making demand for assessments. No set-off shall be allowed to any Lot Owner for repairs or improvements, or for services contracted for by any Lot Owner without the express written authorization of the Board. The Board shall be entitled to collect from the Lot Owner all legal costs, including a reasonable attorney's fee incurred by the Association in connection with or incidental to the collection of such assessment, or in connection with the enforcement of the lien resulting therefrom. The lien of the assessments shall be subordinate to the lien of any bona fide first mortgage upon a Lot.

ARTICLE X

INDEMNIFICATION

- 10.1 General : The Association shall indemnify and hold harmless each of its Directors and officers, each member of any committee appointed pursuant to the Bylaws of the Association, the Board and the Developer/Declarant and its successors in interest against all contractual and other liabilities to others arising out of contracts made by, or other acts of such directors, Board, officers, committee members or Developer, on behalf of the Lot Owners, or arising out of their status as directors, Board, officers, committee members or Developer, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent.

ARTICLE XI

AMENDMENTS

- 11.1 Any and all of the provisions contained in these Bylaws may be changed or amended by an instrument in writing, drafted so as to be recorded with the County Clerk of Washington County, Arkansas, and signed by the Secretary of the Association, subject to the provisions of the Declaration. Such a change or amendment shall require approval by

majority vote of all Members except that Declarant may make unilateral changes without the need for consent as long as it owns a Lot.

ARTICLE XII

INVALIDATION

- 12.1 Governing Laws: This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Arkansas.
- 12.2 By Court Order: Invalidation of any of these covenants and Bylaws by judgment or court order shall in no wise effect any of the other provisions herein contained.
- 12.3 Conflict of Provisions: Where any provision herein is in conflict with any resolution or regulation of the Association, the provisions herein shall control.

ARTICLE XIII

NOTICE

- 13.1 Notice by Mail and Waiver of Notice: Unless otherwise expressly provided herein, notice shall be effective when mailed postage prepaid, first class mail, to the person entitled to notice at the last known address of such person reflected by the records of the Association. Any notice required may be waived by waiver signed by the person entitled to notice or by the attendance of the person who is entitled to notice at any meeting where notice is required.
- 13.2 Notice by Personal Service: Notice may be given to any person entitled to same by delivery of a copy of such notice by an officer or director of the Association (or agent thereof) to the person entitled to notice, with the officer or director delivering such notice to certify on a copy thereof. Said copy shall be maintained in the records of the Association.
- 13.3 Person Entitled to Notice: The person entitled to notice shall be the person indicated by the books and records of the Association to be the person entitled to the voting rights for each of the said Lots and proper notice to such person shall be deemed to be the prior notice to all other Owners of any interest in a Lot. Notice of all meetings shall be given no more than forty-five (45) days and no fewer than fifteen (15) days in advance of said meeting.

ARTICLE XIV

CONTRACTS, CHECKS, DEPOSITS & FUNDS

- 14.1 Contracts: The Board of Directors may collectively execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.
- 14.2 Checks, Drafts, Etc.: All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed

by the Directors, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

14.3 Deposits: All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depository institutions as the Board of Directors may select.

IN WITNESS WHEREOF, the foregoing Bylaws of The Coves II Property Owners Association adopted by the Board of Director(s) on the 19th day of February, 2016.

David Fry
Board Member

ACKNOWLEDGMENT

STATE OF ARKANSAS)
COUNTY OF Washington) §§

On this 19 day of February 2016, before me, a Notary Public, duly commissioned, qualified and acting within the State and County aforesaid, appeared in person the within named David Fry to me personally known, who stated that he/she is the Acting Secretary of the Coves 2 Property Owners Association, and was duly authorized in that capacity to execute the foregoing instrument for and in the name and behalf of said association, and further stated and acknowledged that he/she had so signed, executed, and delivered said foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.
Kristy Payne
Notary Public

My Commission Expires:
Kristy Payne
Notary Public
Washington County, Arkansas
Comm. No. 12390934
Comm. Exp. 11-17-22