



COVES PHASE II

PROPERTY OWNERS ASSOCIATION

www.covestwo.com – covestwo@gmail.com

FILE NUMBER RES 2021-002

LEGAL SERVICES FOR THE POA WITH KNIGHT LAW FIRM

WHEREAS, the Covenants, Section 4, *Duties and Powers* of the association states, “The affairs of the Association shall be conducted by its Board. In addition to the duties and powers of the Association as set forth in the Bylaws, or as hereinabove set forth, and in order to carry out the obligations of the Association, the Board shall have the following rights and powers and may provide for and pay for, out of assessments, the means to exercise the following rights and powers” part (b) stating “Hire legal and accounting services to serve the Association”; and

WHEREAS, the Covenants, Section 3, *Assessments*, part (g) Collection. states “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”; and

WHEREAS, the Covenants, Section 12, *Enforcement of Obligations; Miscellaneous* states “(a) Each Owner shall be governed by and shall comply with the terms of these Covenants and the Bylaws of the Association. Upon failure of an Owner to so comply, the Declarant, the Association, any mortgagees having a first lien, or other Owners shall have the right to institute legal proceedings, and the prevailing party shall be entitled to recover its or his legal costs, including reasonable attorney’s fees. The failure of any of the foregoing named entities or persons to enforce any right, requirement, restriction, covenant, or other provision of the hereinabove named documents, shall not be deemed to be a waiver of the right to seek judicial redress against subsequent noncompliance therewith”; and

WHEREAS, the President of the Association gathered or attempted to gather three quotes for consideration for legal services, being Knight Law Firm with a quote of \$175 per hour to \$300 per hour depending on which attorney is completing required work, Hall Estill Attorneys at Law being \$435 per hour, and Sexton Bailey Attorneys without a quote provided; and

WHEREAS, the President explored options with the University of Arkansas “Pro Bono” program and found that the POA is not eligible for these services; and

WHEREAS, the Board of Directors expressed a need for legal services.

NOW THEREFOR, BE IT RESOLVED BY THE BOARD OF DIRECTORS:

Section 1: The Board authorizes an agreement with Knight Law Firm to provide legal services as needed for official matters of the POA.

Section 2: The Board authorizes the President, Vice-President when acting in the capacity of the President or in actions against the President, and the Treasurer the ability to utilize legal services on behalf of the POA as needed.



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Section 3: The Board hereby defines “reasonable attorney’s fee” as the full invoiced amount or combination of multiple invoices for any specific legal action as provided by Knight Law Firm to include hourly rates and also any additional fees associated with any legal actions taken on behalf of the POA.

Section 4: The Board authorizes the Treasurer to apply an Individual Assessment to lot owners for reasonable attorney’s fees as defined in the Covenants if any Owner unsuccessfully takes any legal actions against the POA. The Board of Directors may allow payment arrangements on a case-by-case basis in payment amounts and times to be determined by the Board of Directors.

Section 5: The Board authorizes the Treasurer to apply an Individual Assessment to lot owners for reasonable attorney’s fees as defined in the Covenants for any failed collections. The Board of Directors may allow payment arrangements on a case-by-case basis in payment amounts and times to be determined by the Board of Directors.

Section 6: The Board authorizes the President in conjunction with the Treasurer to utilize legal services to process any lien of any bona fide first mortgage upon a Lot as defined in the Covenants in increments of \$500. Any such legal services shall be subject to Section 4 and Section 5 of this resolution.

PASSED and APPROVED on 02/02/2021

APPROVED:

ATTEST:

Kristifier Paxton, President

Denise Corbin, Secretary