

**BY-LAWS**  
**OF**  
**THE RANCH COMMUNITY PROPERTY**  
**OWNERS ASSOCIATION, INC.**  
(As Amended)

WHEREAS, Ranch Properties, Inc., hereinafter referred to as the "Allottor", has announced the formation of The Ranch Community Property Owners Association, Inc. (the "Association"); and,

WHEREAS, the Allottor intends that these By-Laws, as amended from time to time, shall provide for the administration of the affairs of the Association.

**NOW, THEREFORE, WITNESSETH, THESE BY-LAWS:**

**ARTICLE I**  
**DEFINITION AND RULES OF CONSTRUCTION**

- (a) "Allottor" means Ranch Properties, Inc., an Arkansas corporation.
- (b) "Article" or "Articles" means the Articles of Incorporation of The Ranch Community Property Owners Association, Inc., unless the word is used with further explanation, qualification or modification indicating that it means an Article of the Declaration or an Article of this instrument.
- (c) "Board", when that term is used without further explanation, qualification, or modification shall be deemed to be a reference to the Board of Directors of the Association.
- (d) "Declaration" means that certain initial Declaration of Restrictive Covenants and Bill of Assurance, filed for record on the 21<sup>st</sup> day of JANUARY, 1998, and recorded as Instrument Number 98-005070 in the Office of the Circuit Clerk and Ex-Officio Recorder of Pulaski County, Arkansas and that certain Plat (the, "Plat") recorded as Plat F-110 in the Office of the Circuit Clerk and Ex-Officio Recorder of Pulaski County, Arkansas as well as any other Declaration of

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

Restrictive Covenants and Bill of Assurance, Amended Bill of Assurance or Bill of Assurance hereinafter filed which causes and consents to the owner of a lot therein described or platted and subdivided thereby to be entitled to membership in the Association.

(e) "Director" means a member of the Board of Directors.

(f) "Fiscal year" shall mean the calendar year, unless changed or modified by the Board of Directors.

(g) "Improvement" shall mean and include all residences, buildings and roofed structures, parking areas, fences, walls, hedges, mass plantings, poles, driveways, lakes, swimming pools, tennis courts, signs, changes in any exterior color or shape, glazing or reglazing of exterior windows with mirrored or reflective glass, and any new exterior construction or exterior improvement which materially alters the appearance of the property and which may not be included in any of the foregoing. This definition does not include garden shrub or tree replacements or any other replacement or repair of any magnitude which does not materially change exterior colors or exterior appearances.

(h) "Lot" shall mean any platted lot subjected to and governed by the terms and provisions of the Declaration as a covenant running with the land, whose owner is entitled to membership in the Association.

(i) "Managing Agent" shall mean an individual or corporation hired by the Board to oversee the maintenance and management of Property as the Board may direct.

(j) "Member" shall mean and refer to any Owner who by virtue of holding fee simple title to a Lot is a Member of the Association. If any Owner holds title to more than one Lot then the Owner shall hold memberships equal to the number of Lots owned.

(k) "Rules and Regulations" shall mean the rules and regulations as adopted by the Board pursuant to the Declaration and this instrument, as they may be amended from time to time.

(l) "Person" shall mean an individual or individuals, corporation, unincorporated association, partnership, joint venture, trustee, conservator, administrator, or other legal entity which has the right to hold title to real property.

(m) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to a Lot, but excluding those having such interest merely as security for the performance of an obligation.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

(n) "Property" shall mean the land, buildings, and all other improvements thereon which is conveyed to or acquired by or for which the Association assumes an obligation or responsibility for, whether by written agreement or otherwise.

**ARTICLE II  
GENERAL**

**SECTION 1. The Association.** The Association has been organized to perform the functions described herein except for those performed by others as set forth herein. The Association is charged with the duties and has the powers prescribed by law and set forth in the Articles, By-Laws and the Declaration, as amended from time to time. Neither the Articles nor the By-Laws shall, for any reason be amended or otherwise changed or interpreted so as to be inconsistent with the Declaration.

The Association is an organization owned by the Owners of Lots and used by them to manage and regulate the Property.

Each Owner, for so long as he, she or it is such an Owner, shall be deemed a Member of the Association. Upon becoming a Member of the Association, the rights, duties, privileges, immunities and liabilities of being an Owner shall be those set forth in and shall be exercised in accordance with the Declaration, the Articles, and these By-Laws, all as amended from time to time.

Membership in the Association shall not be transferred, pledged or alienated in any way except upon transfer of title of a Lot, and then only to the transferee of title, except in the instance of suspension as provided hereunder. Any attempt to make a prohibited transfer shall be null and void.

**SECTION 2. Provisions of By-Laws Applicable.** The provisions of these By-Laws are applicable to the Lots and Property. The provisions of these By-Laws shall automatically become applicable to the Lots and Property, including any real property which may be added hereinafter.

**SECTION 3. By-Laws Applicable to Present and Future Owners.** All present and future Owners, mortgagees, lessees, and occupants of Lots and their respective, guests, invitees, agents, servants and employees are subject to these By-Laws, all covenants, agreements, restrictions, easements and declarations of record, and the Declaration. The acceptance of a deed of conveyance or the entering into a lease or the

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

act of occupancy of a Lot shall constitute an agreement that all of the above documents, restrictions and conditions, as they may be amended from time to time, are accepted, ratified and will be complied with.

**SECTION 4. Office of the Association.** The Office of the Association and the Board shall be located in Pulaski County, Arkansas or such other locations in this State as may be selected from time to time by the Board.

**SECTION 5. Documents Available for Review.** Copies of these By-Laws, the Articles, the Declaration, as they may be amended from time to time, and all books and records of the Association shall be made available for inspection by Members of the Association and their authorized agents during regular business hours.

**ARTICLE III  
MEMBERSHIP, VOTING RIGHTS AND SHARES**

**SECTION 1. Membership.** Every Person who is an Owner of record of a fee or undivided fee interest in a Lot which is subject by the Declaration to assessments by the Association shall be a Member of the Association, provided that any such Person who holds such interest merely as a security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and not separated from ownership of a Lot which is subject by the Declaration to assessments by the Association. When more than one Person holds a undivided fee interest in a Lot, all such persons shall individually be Members.

**SECTION 2. Voting Rights.** Every Owner shall be entitled to one vote for each Lot owned. The Allottor shall be entitled to one vote for each Lot owned by the Allottor. When more than one Person holds an undivided fee interest in any Lot, all such persons shall collectively have but one vote only with respect to each Lot owned by such Persons.

**SECTION 3. Shares.** For purposes of dissolution, or distribution of assets, the Owner shall be deemed to hold one equal share of the assets of the Association for each Lot in which they hold the interest required for membership, provided that when more than one individual or entity shall hold such interest in a Lot, they shall determine among themselves the distribution of such shares, provided that there shall be no more than one share with respect to any Lot.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**ARTICLE IV  
BOARD OF DIRECTORS**

**SECTION 1. Directors.** The number of Directors which shall constitute the whole Board shall be three (3). Until succeeded by the Directors elected by the Members, the Directors need not be Owners. Upon expiration of the term of each Director of the first Board, the successors to such initial Directors of the Board, elected by the Members of the Association, shall be an Owner. Except as provided in the Articles with respect to the first Board, Directors shall be elected on a staggered basis. In any event however, each Director shall hold office until such time as his or her successor has been elected. In the event that a corporation or other legal entity is a Member of the Association, it may designate one or more Persons who shall be eligible to serve as Director on its behalf.

**SECTION 2. Election of Directors.** Subject to the provisions of these By-Laws concerning the first Board, at each Annual Meeting of the Association or at a Special Meeting called for this purpose, the Members shall elect Directors to fill such vacancies as may exist on the Board. There shall be no cumulative voting. Voting by written proxy is permitted for Members. The candidates receiving the highest number of votes, up to the number of Directors to be elected shall be deemed elected. A quorum of the membership at an annual or special called meeting shall be ten percent (10%) of the Members.

**SECTION 3. Resignation.** Any Director may resign at any time by giving written notice to the President or to the Secretary of the Association.

**SECTION 4. Powers and Duties of the Board.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except for those things and matters which are, by these By-Laws and by the Declaration, reserved to the Members of the Association acting at a properly called meeting. Such powers and duties of the Board shall include, but shall not be limited to the following:

(a) Provisions for the operation, care, upkeep and maintenance of those portions of the Property that the Association is charged to operate, care for, keep up and maintain.

(b) Determination of the common expenses required for the affairs of the Association including, subject to the limitations imposed by the Association or by the Declaration, the operation and maintenance of the Property and the allocation of income and expenses.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

(c) Collection of the assessments from the Owners including the right to enforce these collections by methods described elsewhere in these By-Laws and the Declaration.

(d) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(e) Leasing, managing and otherwise dealing with the Common Areas.

(f) Owning, conveying, encumbering, leasing and otherwise dealing with the Lots or other property conveyed to it or purchased by it as the result of enforcement of a lien for common expenses, or otherwise.

(g) Obtaining of insurance for the portions of the Property over which the Association has responsibilities and obligations.

(h) Making of repairs, additions, improvements to or alterations of the Property and Lots in accordance with the other provision of these By-Laws and as described in the Declaration.

(i) Enforcement of obligations of the Owners under the Declaration and/or to the Association.

(j) Adoption of Rules and Regulations relating to the use, upkeep or preservation of the Property.

(k) When authorized by the Allottor, appointment of the Architectural Control Committee.

**SECTION 5. Employment of Managing Agent.** The Board may employ for the Association, a Managing Agent at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to all of the powers granted to the Board by these By-Laws. The management agreement shall be terminable for cause or upon reasonable notice and run for a period of from one to three years, renewable by consent of the Association and the Managing Agent.

**SECTION 6. The First Board and Subsequent Boards.** The first Board (herein referred to as the "First Board") shall be designated and appointed by the Allottor and shall consist of three (3) directors who shall serve until the first Annual Meeting held pursuant to Article V, Section 1 of these By-Laws. The Allottor shall appoint a successor

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

director to fill any vacancy occurring on the First Board. At the first Annual Meeting, the Directors of the Board shall be elected by the Members of the Association to serve for staggered terms, one Director of the Board having a term of one year from the first Annual Meeting, one Director of the Board having a term of two years from the first Annual Meeting, and, one Director of the Board having a term of three years from the first Annual Meeting. As a vacancy occurs in each of the Board positions, then the newly elected Directors shall serve a term of three (3) years. Upon the vacancy occurring in each of these Board positions, except the First Board, the newly elected Director shall hold a three (3) year term. Each election shall be held to result in staggered terms for the various Directors in order that all Directors will not be elected during one year in order to provide continuity of membership.

**SECTION 7. Removal of Directors.** Except for the Directors of the First Board, Directors may be removed for cause and a successor elected by an affirmative vote of the majority of the Members of the Association. However, the Allottor may remove any Directors of the First Board prior to the expiration of their respective terms.

**SECTION 8. Vacancies in the Board.** Other than vacancies on the First Board, vacancies on the Board of Directors caused by any reason other than the removal of a Director under Section 7 of this Article, shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board held for that purpose, which meeting shall be held promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum and each person so elected shall be a Director until the next Annual Meeting of the Association, or until a Special Meeting of the Association is duly called and held for the express purpose of electing a Director to fill the vacancy until the expiration of the term. Except for Members of the first Board, no Director shall continue to serve as such if, during his term of office, he or she shall cease to be an Owner.

**SECTION 9. Board Meeting Following First Annual Meeting.** Following the First Annual Meeting of the Association, there shall be a meeting of the Board within thirty (30) days thereafter, at such time and place as shall be fixed by the Members at the meeting at which such Board shall have been elected.

**SECTION 10. Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors of the Board. Notice of regular meetings of the Board shall be given to each Director, by mail, at least five (5) business days prior to the day named for such meeting.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**SECTION 11. Special Meetings.** Special meetings of the Board may be called by the President on five (5) business days notice to each Director given by mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

**SECTION 12. Waiver of Notice of Meeting.** Any Director may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice.

**SECTION 13. Quorum.** At all meetings of the Board, a majority of the Directors thereof shall constitute a quorum for the transacting of business and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

**SECTION 14. Fidelity Bonds.** Unless otherwise voted by the Members of the Association, the Board shall obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for the Association funds. The premium on such bonds shall constitute a common expense.

**SECTION 15. Compensation of Board.** No elected Director of the Board shall receive any compensation from the Association for acting as such, except for reimbursement of necessary and duly incurred expenses.

**SECTION 16. Directors Not Liable.** The Directors shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall and does indemnify and hold harmless each Director against all contractual liability to others arising out of contract made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or contrary to these By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The directors are specifically authorized to contract for goods or services with the Allottor, or employee or affiliates of the Allottor whether or not such persons are then Directors of the Board and no such contracting shall be deemed to involve a conflict of interest. It is also intended that the liability of any Owner arising out of any contract made by the Board out of the aforesaid indemnity in favor of the Directors shall be limited to such proportion of the total liability thereunder as the number of Lots owned by him bears to the total number of

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

Lots within the Property. Every agreement made by the Board or by the Managing Agent on behalf of the Association shall provide that the Directors or the Managing Agent as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as an Owner), and that each Owner's liability thereunder shall be limited to that proportion which the number of Lots owned by him bears to the total number of Lots within the Property.

**SECTION 17. Records.** The Board shall cause to be kept detailed records of the actions of the Board and of the Managing Agent, if any, minutes of the meetings of the Board, minutes of the meetings of the Members and financial records and books of account of the Association.

**SECTION 18. Annual Report.** An annual report of the receipts and expenditures of the Association shall be made at the end of each fiscal year by an independent, disinterested, certified public accountant. The Board shall cause this report to be made a copy of said report shall be kept on file at the office of the Association and shall be made available for inspection by Members and their authorized agents during reasonable business hours.

**ARTICLE V  
ASSOCIATION MEMBERS' MEETINGS**

**SECTION 1. Annual Meetings; Election of Directors.** On or before the six (6) years following the date the Association is organized, the First Board shall call the first Annual Meeting of the Members (herein referred to as the "First Annual Meeting"). Thereafter, Annual meetings shall be held on the anniversary date of such meeting, in each succeeding year; the date of the Annual Meeting may be changed by a proper amendment of these By-Laws. At such meeting, Directors shall be elected by ballot of the Members of the Association, in accordance with the requirements of Article IV of these By-Laws. The Association may also transact such other business as may properly come before it.

**SECTION 2. Location of Annual Meetings.** The Annual Meetings shall be held at the principal office of the Association, or at such suitable place convenient to the Members as may be designated by the Board

**SECTION 3. Special Meetings.** It shall be the duty of the President to call a special meeting of the Members as directed by the Board or upon petition signed by at least one-third of the Members, delivered to the Secretary.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**SECTION 4. Notice of Meetings.** It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member, at least ten (10) but, not more than sixty (60) days prior to such meeting. The mailing or delivery of a notice in the manner provided in these By-Laws shall be considered notice served. Notice of a meeting need not be given to a Member if a written waiver thereof executed before, during or after the meeting by such Member or his duly authorized attorney or agent, is filed with the records of the meeting.

**SECTION 5. Quorum.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of ten percent (10%) of the members shall constitute a quorum at all meetings of the Association. If any meeting of the Association cannot be held because a quorum has not attended, a majority in interest of the members who are present at such meeting, either in person or by proxy, shall adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called for.

**SECTION 6. Voting.** The Member(s), or some person designated by such member(s) to act as proxy on his or their behalf, who need not be an owner, shall be entitled to cast their vote(s) at any meeting. The designation of any proxy shall be made in writing to the secretary and shall be revocable at any time upon written notice to the Secretary. Any or all Members may be present at any meeting and may vote or take any other action as a Member either in person or by proxy. If Owners of a Lot shall be unable to agree on the vote to be cast on any issue their right to vote on that issue shall be deemed to have been waived.

**SECTION 7. Majority Defined.** As used in these By-Laws, the term "majority of Members" shall mean those Members having more than fifty percent (50%) of the total authorized votes of all Members present in person or by proxy and voting at any meeting determined in accordance with the provisions of Section 6 of this Article. The vote of the majority of Members present at a meeting at which a quorum shall be present shall be binding upon all members for all purposes except when a higher percentage vote is required by law, the Declaration or these By-Laws.

**ARTICLE VI  
OFFICERS**

**SECTION 1. Principal Officers of the Corporation.** The principal officers of the Association shall be the President, Vice-President, Secretary, and the Treasurer. The President and Vice-President shall be elected by and from the Board. Except as provided in the Articles with respect to the initial Treasurer and Secretary, the Treasurer and

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

Secretary shall be chosen by the Board at the Annual Meeting. Any vacancies which may occur in these latter two offices shall be filled by the Board. The successors so chosen shall serve until the next Annual Meeting of the Association or until a Special Meeting properly and duly called for this purpose. The Secretary and Treasurer need not be Members of the Association. The Board may appoint an Assistant Treasurer, an Assistance Secretary, and such other officers as in its judgment may be necessary.

**SECTION 2. Officers Chosen by Board.** Those officers of the Association to be chosen by the Board shall be elected annually at a meeting of the Board described in Article IV, Section 6 of these By-Laws, and shall hold office at the pleasure of the Board and until their successors are elected.

**SECTION 3. Removal of Officers Chose by Board.** Upon the affirmative vote of the majority of the Board at a regular or special meeting called for that purpose, any officer chosen by the Board may be removed, either with or without cause, and his successor elected.

**SECTION 4. President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are incidental to the office of President, including but not limited to the power to appoint committees from among the Owners from time to time, as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association. The President is elected by the Board.

**SECTION 5. Vice-President.** The Vice-President shall take the place of the President, and shall perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Member of the Board to act in place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President. The Vice-President is elected by the Board.

**SECTION 6. Secretary.** The Secretary shall keep the minutes of all meetings Association and of the Board; shall have charge of such books and papers as the Board may direct; and shall perform all the duties incidental to the office of Secretary, and as described elsewhere in these By-Laws or the Declaration. The Secretary is elected by the Board and need not be an Owner.

**SECTION 7. Treasurer.** The Treasurer shall have the responsibility for funds and securities and shall be responsible for keeping full and accurate financial and books of account showing all receipts and disbursements and for the preparation of required

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board or the Managing Agent in such depositories as may from time to time be designated by the Board and he shall perform all duties incidental to the office of Treasurer. No payment voucher shall be paid unless and until approved by the Treasurer, or in his absence the Assistant Treasurer. The Treasurer is elected by the Board and need not be an Owner. The Assistant Treasurer is appointed by the Board.

**SECTION 8. Execution of Documents for the Board.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association may be executed by the President or by such other person(s) as may be authorized by the Board.

**SECTION 9. Compensation of Officers.** No elected officer shall receive any compensation from the Association for acting as such, except for reimbursement of necessary and duly incurred expenses.

**SECTION 10. Resignation.** Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**ARTICLE VII  
NOTICES**

**SECTION 1. Notice Procedure.** Whenever under the provisions of the Declaration or the By-Laws, notice is required to be given to the Board, any Managing Agent, or Member, it shall not be construed to mean personal notice; but such notice may be given in writing, either by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board, such Managing Agent or member, respectively, at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing or by delivery to such personal address, provided that such mailing is made in the state of Arkansas.

**SECTION 2. Waiver of Notice.** Whenever any notice is required to be given under the provisions of the Declaration, the law, or these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**ARTICLE VIII  
OPERATION OF THE PROPERTY**

**SECTION 1. Budget and Assessments.** The Board shall from time to time and at least annually, prepare a budget for the Association and in connection therewith, determine the amount of common expenses of the Association and allocate each common expense among the Owners of the Lots in accordance with their respective needs of various types of Lots within the Addition and levy such annual assessment against each Lot as determined by the Board from time to time to pay the said common expenses of the Association. The common expenses shall include among other things, the cost of all insurance premiums on all policies of insurance required to be, or which have been obtained by the Board pursuant to the provisions of these By-Laws. Other examples of common expenses include the amount charged for the operation, care, upkeep and maintenance of the portion of the Property the Association has responsibilities for, including without limitation, any amount for working capital of the Association, for a general operating reserve for a reserve fund for replacements, to make up any deficit in the common expenses of, any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Board on behalf of all Owners, of a Lot which is to be sold at foreclosure or other judicial sale, such purchase or lease to be in accordance with provisions of Article VIII of this instrument or any lands the Board deems appropriate or desirable.

From and after the establishment of the initial annual assessment, the amount of the annual assessment may be increased each year by the Board of Directors of the Association by an amount not more than 5% above the annual assessment for the previous year, plus any increase in the CPI between the date it was last calculated and the date of the proposed increased assessment, without the necessity of a vote of the membership; otherwise in the event that the Board of Directors of the Association deems it necessary to increase the annual assessment in excess of that amount, a vote of the majority of the members present at a meeting duly called for such purpose shall be required in order that such increased assessment may be charged.

Further, notwithstanding anything to the contrary herein contained, the Board of Directors of the Association shall be empowered to levy, in any assessment year, a special assessment applicable to that year only for the purpose of deferring and paying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement located upon and situated in any Common Area or areas owned by the Association or for which the Association assumes a responsibility, including fixtures and personal property related thereto, provided, however, that any such assessment shall have

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

the assent of seventy percent (70%) of the members present, voting in person or by proxy, at a meeting duly called for such purpose.

The annual assessments hereinbefore described, once levied, shall commence as to each Lot platted hereby upon the first day of the month following the date of the levy. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and the amount thereof shall be pro-rated. The Board of Directors of the Association shall fix the amount of the annual assessment against each Lot platted hereby at least 30 days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due date shall be established by the Board of Directors of the Association. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot platted hereby have been paid. A properly executed certificate of the Association as to the status of assessment of a Lot platted hereby is binding upon the Association as of the date of its issuance.

The Allottor shall have no liability for the payment of any assessments or assessments for any Lot owned by it.

No assessment may be used to maintain property unless the Association has an interest therein or unless the Association, acting through its Board of Directors from time to time, assumes a responsibility or an obligation relative to said property. However, the Association shall maintain, as necessary, all highway and City Street rights-of-ways that are adjacent to or adjoining the Property and all entrance ways into the Property. This expense may be shared with other property owner associations.

**SECTION 2. Payment of Assessments.** All Owners, except the Allottor, shall pay the assessments levied by the Board pursuant to the provisions of these By-Laws, the Articles and the Declaration, annually or in advance or at such other time that the Board shall determine.

No Owner shall be liable for the payment of any part of the assessments levied against his Lot subsequent to the transfer of a conveyance by him recorded in the records of the Circuit Clerk's office of Pulaski County, including conveyance to the Board made in accordance with the provisions of Article VIII of these By-Laws, together with appurtenant interest as defined in Article VIII hereof.

**SECTION 3. Power to Suspend Membership.** In the event of default by any Owner in the payment of the assessments, or any other amounts owed the Association, the

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

Board shall have the power to suspend the Owner's membership in the Association, and such suspension shall remain in effect only until such amounts as are owed are paid.

**SECTION 4. Foreclosure.** In any action brought by the Board to foreclose a lien on a Lot because of unpaid assessments, the Owner shall be required to pay a reasonable rental for the use of his Lot, if such continues after the foreclosure, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board acting on behalf of the Owners, shall have the power to bid upon such Lot at the foreclosure sale and to acquire, hold, lease, convey, mortgage (but not to vote the share(s) appurtenant thereto), or otherwise deal with the same. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or without waiving the lien securing same.

**SECTION 5. Statement of Unpaid Assessments.** The Board shall promptly provide any Owner requesting same in writing, with a written statement of all unpaid assessments due from such owner in a form suitable for recording and the same when recorded in the Circuit Clerk's Office of Pulaski County, Arkansas, shall operate to discharge the Lot from any other not included in such statement then unpaid, at least as to bonafide third parties relying on such statement.

In all events the lien for assessments created herein shall be subject to and subordinate to the lien of any recorded first mortgage or deed of trust.

**SECTION 6. Maintenance.** All maintenance, repair, and replacements to the portions of the Property for which the Association has any responsibility or obligation as defined in the Declaration shall be done by the Board or its appointee and shall be included as a common expense of the Association.

**SECTION 7. Rules and Regulations.** The use of the Lot and the Common Areas shall be subject to rules and regulations from time to time adopted by the Board and to rules and regulations from time to time adopted by the Association; copies of said rules and regulations shall be made available at the office of the Association to each Owner prior to their effective date.

**ARTICLE IX  
ARCHITECTURAL CONTROL COMMITTEE**

**SECTION 1. Designation of Committee.** If and only after the Allottor releases all control over appointments of members to the Architectural Control Committee (the,

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

"Committee") to the Board of Directors of the Association, then the Association shall thereafter appoint at least three (3) and not more than five (5) members who shall be natural persons to serve on the Committee.

**SECTION 2. Duties of the Committee.** The Committee, once appointed by the Board of Director, shall assume the responsibilities and discharge the duties prescribed by applicable the Declarations.

**SECTION 3. Majority Vote.** A majority vote of the Committee is required for any action of the Committee.

**SECTION 4. Records.** The Committee shall maintain written records of all applications submitted to it and all actions it may have taken.

**SECTION 5. Term.** If and only after the Allottor releases all control over appointments of members to the Committee to the Board of Directors of the Association pursuant to the provisions of the applicable Declaration, the Members of the Committee shall be appointed to serve for terms of one year.

**ARTICLE X  
INSURANCE**

**SECTION 1. Physical Damage.** All buildings and improvements owned by the Association, and all of the personal property owned by the Association, shall be insured for the benefit of the Association, the Owners and mortgagees of a Lot as their interest may appear, against risks of physical damage as follows:

(a) Amounts - As to real property, for an amount equal to not less than the agreed amount of its replacement cost; as to personal property, for an amount equal to its actual cash value. Prior to obtaining any insurance on real property under this section, and at least annually thereafter, the Board shall obtain an appraisal from a qualified appraiser for the purpose of determining the replacement cost of such real property.

(b) Risks Insured Against - The insurance shall afford protection against loss or damage by reason of:

- (1) fire and other perils normally covered by extended coverage;
- (2) vandalism and malicious mischief;

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

(3) such other risk of physical damage as from time to time may be customarily covered with respect to buildings and improvements similar in construction, location and use as those on the Property, including without limitation, builder's risk coverage for improvements under construction; and

(4) such other risks of physical damage as the Board may from time to time deem appropriate.

**SECTION 2. Liability Insurance.** The Board shall obtain and maintain public liability insurance for bodily injury and property damage in such limits as the Board may from time to time determine, insuring the Association, the Board, the Managing Agent (at the discretion of the Board), with respect to their liability arising from operation, maintenance or repair of the Property, which is the responsibility of the Association including, without limitation, liability arising from construction operations, and Common Area maintenance, and also insuring each Owner including the Allottor with respect to its liability arising from ownership of the said Lot. Such liability insurance shall also cover cross-liability claims among Owners and the Association. The Board shall review such limits at least annually. The insurance provided under this section shall include, without limitation, the following provisions:

(a) That the insurance shall not be affected or diminished by any act or neglect of any Owner or any occupants or Owners of any improvements when such act or neglect is not within the control of the Association;

(b) That the insurance shall not be affected or diminished by failure of any improvements to comply with any warranty or condition when such failure to comply is not within the control of the Association; and

(c) Waivers by the insurer of rights of subrogation, other than those based on fraud or criminal acts, against the Association or the owners.

**ARTICLE XI  
DAMAGE TO OR DESTRUCTION OF PROPERTY**

**SECTION 1. Duty to Repair or Restore.** Any portion of Property owned by the Association which is damaged or destroyed shall be repaired or restored promptly by the Association, as provided in this Article. The Architectural Control Committee and the Board may waive this requirement.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**SECTION 2. Estimate of Cost.** Promptly after damage to or destruction of some portion of the buildings, structures, fence, wall, sign, sign lettering and artwork, landscaping, landscape lighting, lawn sprinkler equipment and etc., and thereafter as it deem advisable, the Board shall obtain reliable and detailed estimates of the cost of repair or restoration. If the cost in the opinion of the Board may exceed \$5,000, the Board may retain the services of an architect or engineer or construction consultant to assist in the determination of such estimate and in the supervision of repair and restoration.

**SECTION 3. Collection of Construction Funds.** Construction funds may consist of insurance proceeds, condemnation awards, proceeds of assessments against Owner, payments by Owners for damage to or destruction of lots or improvements thereto, and other funds received on account of or arising out of injury or damage to the buildings, etc.

(a) Insurance Proceeds - The Board shall adjust losses under physical damage insurance policies of the Association.

(b) Assessments against Owners - If the insurance proceeds are insufficient to effect the necessary repair or restoration of the Common Areas, such deficiency shall be charged against all Owners as a common expense. The proceeds of assessments for such common expenses shall be paid by the Board directly to the Vendor making the repairs and restoration.

(c) Payments by Others - Any other funds received on account of or arising out of injury or damage to the buildings, etc. shall be administered directly by the Board.

**SECTION 4. Plans and Specifications.** Any repair or restoration must be substantially in accordance with the architectural and engineering plans and specifications approved by the Board and the Architectural Control Committee.

**ARTICLE XII  
AMENDMENTS TO BY-LAWS**

These By-Laws may be modified or amended by the affirmative vote of a majority vote of the Board of Directors of the Association or in the alternative by the affirmative vote of seventy percent (70%) (or if such modification or amendment affects a provision requiring a larger percentage, such larger percentage) of all Members present, in person or by proxy, at a meeting of such matters duly held for such purpose; provided, however,

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

that no amendment adopted within ten (10) years from the date of this instrument will be effective unless approved in writing by Ranch Properties, Inc.

**ARTICLE XIII  
CONFLICTS**

In case any of these By-Laws are in conflict with the provisions of any statutes, the Articles or the Declaration as the case may be, the statutes, Articles and Declaration shall control.

**ARTICLE XIV  
MISCELLANEOUS**

**SECTION 1. Invalidity.** The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

**SECTION 2. Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provisions thereof.

**SECTION 3. Gender.** The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

**SECTION 4. Waiver.** No restriction, condition, obligation, or provisions contained in these By-Laws shall be deemed to have been abrogated or waived by reason of a failure to enforce the same, irrespective of the number of violations or breaches thereof which occur.

**SECTION 5. Attorney Fee.** In any legal or equitable proceeding for the enforcement or to restrain the violation of this instrument or any provisions thereof, by reference or otherwise, the prevailing party or parties shall be entitled to attorney fees in such amount as the court finds reasonable. All remedies provided for herein, or at law or equity, shall be cumulative and not exclusive.

**BY-LAWS OF  
THE RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

---

**SECTION 6. Dissolution.** The Association may be dissolved with consent given in writing and signed by not less than three-fourths of each class of Members. The assets shall be conveyed and granted and assigned to any nonprofit corporation, association trust, or other organization to be devoted to such similar purposes.

**ARTICLE XV  
CERTIFICATE OF ADOPTION**

**SECTION 1: Certificate of Adoption.** The foregoing Bylaws of the corporation have been duly adopted this 25<sup>th</sup> day of Feb 1995 by action of the Board of Directors of the corporation pursuant to the laws of this State.

IN TESTIMONY THEREOF, witness the hand of the undersigned as Directors of the corporation on such date.

Edward K. Wilson  
[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_

RANCH COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.  
AMENDMENT TO BY-LAWS  
DATED NOVEMBER 14, 2002

---

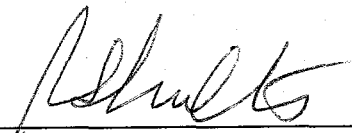
In a Board of Directors meeting on November 14, 2002, Article V, Section 1 was amended to state the following –

Section 1. Annual Meetings; Election of Director. On or before the six (6) years after the final phase of lots have been platted and the Declaration of Restrictive Covenants and Bill of Assurance, filed for such lots, the First Board shall call the first annual meeting of the members (herein referred to as the "First Annual Meeting"). Thereafter, Annual Meetings shall be held on the anniversary date of such meeting, in each succeeding year; the date of the Annual Meeting may be changed by a proper amendment of these By-Laws. At such meeting, Directors shall be elected by ballot of the Members of the Association, in accordance with the requirements of Article IV of these By-Laws. The Association may also transact such other business as may properly come before it.

Certificate of Adoption. The foregoing Amendment to By-Laws of the corporation have been duly adopted this 14<sup>th</sup> day of November 2002 by action of the Board of Directors of the corporation pursuant to the laws of this State.

IN TESTIMONY THEREOF, witness the hand of the undersigned as President and Secretary of the corporation on such date.

  
\_\_\_\_\_  
Ed K. Willis, President

  
\_\_\_\_\_  
Robert L. Shults, Secretary