

BOOK #10 PAGE 108

BY-LAWS OF THE RIVER OAKS TRACE
ASSOCIATION OF CONDOMINIUM OWNERS, INC.
(An Arkansas Non-Profit Corporation)

ARTICLE I.

NAME

1.1. NAME. The name of the organization shall be "RIVER OAKS TRACE ASSOCIATION OF CONDOMINIUM OWNERS, INC.", hereinafter called "Association".

ARTICLE II.

PURPOSE AND OWNER OBLIGATION

2.1. PURPOSE. The purpose for which this non-profit association is formed is to govern the condominium property situated in the County of White, State of Arkansas, which property is described in the Master Deed to River Oaks Trace Horizontal Property Regime, which by this reference is made a part hereof, together with any mergers or annexations thereto.

2.2. OWNER OBLIGATION. All present or future owners, tenants, future tenants, or any other person who might use the facilities of the Regime in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the condominium apartments (hereinafter referred to as "Apartments") of the Regime (hereinafter referred to as "Project") or the mere act of occupancy of any of said apartments will signify that these By-Laws are accepted, ratified and will be strictly followed.

ARTICLE III.

DEFINITIONS AND TERMS

3.1. MEMBERSHIP. Any person, on becoming an owner of a condominium apartment, shall automatically become a member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal

Association action whenever such person ceases to own a condominium apartment. Such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with River Oaks Trace Horizontal Property Regime during the period of such ownership and membership in this Association or impair any rights or remedies which the Board of Directors of the Association or others may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one Membership Card per Apartment to the owners of a condominium Apartment. Such Membership Cards shall be surrendered to the Secretary whenever ownership of the condominium Apartment designated thereon is terminated.

3.2. VOTING. Subject to the provisions of Section 9.2 hereof, apartment ownership shall entitle the Owner(s) to cast one vote per unit in the affairs of the Association, which vote will be weighted to equal the proportionate share of ownership of the Apartment Owner in the common elements. Voting shall not be split amongst more than one apartment owner. The present number of votes that can be cast by the Apartment owners is five (5). The combined weighted votes calculated in accordance with Section V of the Master Deed to River Oaks Trace Phase I Horizontal Property Regime shall equal one hundred per cent (100%).

3.3. MAJORITY OF APARTMENT OWNERS. As used in these By-Laws, the term "Majority of Apartment Owners" shall mean those owners with fifty-one per cent (51%) of the votes entitled to be cast.

3.4. QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a

"majority of apartment owners" as defined in Paragraph 3.3 of this Article shall constitute a Quorum.

3.5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting in such form as shall be acceptable to the Secretary of the Association. All proxies shall be in writing and shall be executed by all owners of the condominium apartments for which the proxy is delivered.

ARTICLE IV.

ADMINISTRATION

4.1. DECLARANT CONTROL. Notwithstanding any provision herein to the contrary, and in accordance with Paragraph 10.1 of the Master Deed to River Oaks Trace Horizontal Property Regime, the declarant, River Oaks Land Development Corporation, an Arkansas corporation, shall retain control over the management of the affairs of the Association, which such control shall extend to, but shall not be limited to, election of directors and adoption of amendments hereto. This retention of control shall be for the benefit of the Apartment Owners, and any first mortgagees of record and for the purpose of insuring both a complete and orderly build out and a timely sell out of the apartments located within the Regime, including any annexations. This control shall last no longer than the earlier of ten years from the date of recordation of the Master Deed, or the sale of 75% of the apartments, including those in all subsequent annexations to the Horizontal Property Regime from those lands described in Exhibit B to the Master Deed, or when in the sole opinion of the declarant, if earlier, the project is viable, self-supporting and operational.

4.2. ASSOCIATION RESPONSIBILITIES. The owners of the apartments constituting the Association shall have the

responsibility of administering the condominium project through a Board of Directors.

4.3. PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable or convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meeting.

4.4. ANNUAL MEETINGS. Annual meetings shall be held the first Tuesday of January, each year beginning with the year 1985.

4.5. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the owners as directed by Resolution of the Board of Directors, or upon a petition signed by at least one-tenth of the owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such a meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owners present, either in person or by proxy.

4.6. NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each member of the Association, directed to his last known post office address, as shown on the records of the Association, by uncertified mail, postage prepaid, or by personal delivery of such notice to each Apartment owner. Such notice shall be mailed not less than ten (10) days nor more than twenty (20) days before the date of such meeting, and shall state the date, time and place of the meeting, and the purpose or purposes thereof. Any mortgagee of record, or its designee shall be entitled to receive similar notices, upon written request therefor.

4.7. ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the

Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is obtained.

4.8. ORDER OF BUSINESS. The order of business at all meetings of the Owners of Apartments shall be as follows:

- (a) Roll Call
- (b) Proof of Notice of Meeting or Waiver of Notice
- (c) Reading of Minutes of Preceding Meeting
- (d) Reports of Officers
- (e) Reports of Committees
- (f) Election of Directors
- (g) Unfinished Business
- (h) New Business

ARTICLE V.

BOARD OF DIRECTORS

5.1. NUMBER AND QUALIFICATIONS. The affairs of this Association shall be governed by a Board of Directors composed initially of three persons. The following persons shall act in such capacity and shall manage the affairs of the Association until their successors are elected, to-wit:

| <u>NAME</u> | <u>ADDRESS</u> |
|-------------------|-----------------------------------|
| E. D. Yancey | 300 East Race Searcy, AR 72143 |
| Tommy Quattlebaum | 300 East Race Searcy, AR 72143 |
| Nick D'Auteuil | Mayfair Hotel Searcy, AR 72143 |

5.2. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential condominium project. The Board of Directors may do all such acts and things that are not by these By-Laws or by the Master Deed for RIVER OAKS TRACE HORIZONTAL PROPERTY REGIME directed to be exercised and done by the owners.

5.3. OTHER POWERS AND DUTIES. The Board of Directors shall additionally have the following duties:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Master Deed.

(b) To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this condominium project. (A copy of such rules and regulations as may be adopted shall be delivered or mailed to each member promptly upon the adoption thereof.)

(c) To keep in good order, condition and repair all of the general and limited common elements and all items of personal property used in the enjoyment of the entire premises.

(d) To insure and keep insured all of the insurable common elements of the property in an amount equal to their maximum replacement value, as provided in the Master Deed. To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the owners of the Condominium units, and their first mortgagees, and to purchase, to the extent the Board of Directors shall deem appropriate, comprehensive liability insurance covering the entire premises.

(e) To fix, determine, levy and collect the monthly pro-rated assessments to be paid by each of the Owners; and by a majority vote of the Board, to adjust, decrease; or increase the amount of the monthly assessments, subject to the provisions of the Master Deed; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise, and to enjoin or seek damages from an owner, as provided in the Master Deed and these By-Laws.

(g) To protect, and defend the entire premises from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the owners in the same proportion as their interest in the common elements.

(i) To enter into contracts within the scope of their duties and power.

(j) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

(k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements, and to permit examination thereof at any reasonable time by each of the owners and first mortgagee of an Apartment, and to the extent deemed advisable or upon the request of two-thirds of the Owners, to cause a complete audit of the books and accounts by a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each owner an unaudited statement showing all receipts, and expenses or disbursements since the last such statement. Such financial statement shall be available to any first mortgagee of an Apartment, upon request, within ninety (90) days following the fiscal year end of the Association.

(l) To meet at least once each quarter or more often as may be deemed appropriate by the Board of Directors.

(m) To designate the personnel necessary for the maintenance and operation of the general and limited common elements.

(n) In general, to carry on the administration of the Association and to do all of those things necessary and

reasonable in order to carry out the communal aspect of condominium ownership.

5.4. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association, the term of office of one member of the Board of Directors shall be fixed for one year, the term of office of a second director shall be fixed for two years, and the term of office for the remaining director shall be fixed at three years. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three years. The persons acting as directors shall hold office until their successors have been elected and hold their first meeting.

5.5. RESIGNATION AND REMOVAL. Any member of the Board of Directors may resign by giving notice to the Secretary, and any director may be removed with or without ~~cause by a majority of the owners, and a successor may then~~ and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

5.6. VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of the director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each director so elected shall serve the remaining term of his predecessor.

5.7. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such time and place as shall from time to time be determined by the Board of Directors. Notwithstanding the foregoing, at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally, by mail or telephone, at least three days prior to the date fixed for such meeting. The first meeting of a newly elected Board of Directors shall be

held within ten (10) days of election at such place as shall be fixed by the Directors.

5.8. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two directors. The President or Secretary will give three days' personal notice to each Director by mail, telephone or personally, which notice shall state the time, place and purpose of the meeting.

5.9. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all directors are present at any meeting of the Board, no notice shall be required, and any business shall be transacted at such meeting.

5.10. INFORMAL ACTION. The Board of Directors is expressly empowered to act informally upon any matter without the necessity of a formal meeting or notice thereof if all directors shall agree. Any such action shall be evidenced by minutes reflecting the action of the Board executed by each member of the Board of Directors.

5.11. BOARD OF DIRECTORS QUORUM. A majority of directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time.

ARTICLE VI.

OFFICERS

6.1. DESIGNATION OF OFFICERS. The officers of the Association shall be a President and Secretary-Treasurer and such Vice Presidents or other officers as the Board of

Directors shall deem appropriate, all of whom shall be elected by the Board of Directors.

6.2. ELECTION OF OFFICERS. The officers of the Association shall be elected by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

6.3. REMOVAL OF OFFICERS. Upon an affirmative vote of the majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected to any regular meeting or special meeting of the Board of Directors.

6.4. DUTIES OF OFFICERS. The officers of the Association shall have the following duties:

(a) President. The President shall be the chief executive officer of the Association and shall preside at all meetings of both the Association and the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from amongst the owners to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the RIVER OAKS TRACE ASSOCIATION OF CONDOMINIUM OWNERS, INC.

(b) Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Board of Directors and minutes of all meetings of the Association, and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the Secretary. The Secretary-Treasurer shall further compile and maintain a list of all members of the Association, the number of members living in each Apartment, the storage and parking space if any assigned for use in connection with each

apartment, and such other matters relevant to the membership of the Association as the Board of Directors may direct. The Secretary-Treasurer shall further receive and deposit in appropriate bank accounts, all money of the association and shall disburse the same as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget adopted by the Board of Directors, including, without limitation, authority to sign all checks, keep proper books of account, cause an annual statement of the Association's books to be made at the completion of each fiscal year, prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of the same to each of the members.

ARTICLE VII.

MANAGEMENT CONTRACTS

7.1. DELEGATION TO MANAGEMENT COMPANY. The Board of Directors of the Association may enter into a Management Agreement with a management company for purposes of managing the day to day affairs of the Association with respect to physical maintenance, repair and operation of the condominium project. Such agreement shall be in writing and approved by a two-thirds majority of the Board of Directors, and in no event shall any fees paid to such Management Company exceed those fees or charges which could be reasonably expected to be incurred if the affairs of the Association were managed by the Board of Directors. The Board of Directors shall have a duty to examine a statement of account from the said management company on an annual basis to insure that the expenditures and fees charged by the management company are in the best interest of the Association.

ARTICLE VIII.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.1. Indemnification. The Association shall indemnify every director or officer, his heirs, executors and administrators, against all loss, cost and expense, including attorneys fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except in matters of gross negligence or willfull misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willfull misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as common expenses; provided, however, nothing contained in this Article shall be deemed to obligate the Association to indemnify any member or owner of any condominium apartment, who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Master Deed to RIVER OAKS TRACE HORIZONTAL PROPERTY REGIME, as a member or owner of a condominium apartment covered thereby.

ARTICLE IX.

OBLIGATIONS OF THE OWNERS

9.1. GENERAL. Each owner shall comply strictly with the provisions of the Master Deed to RIVER OAKS TRACE

HORIZONTAL PROPERTY REGIME and shall endeavor to preserve and promote the cooperative purposes for which the project was built.

9.2. ASSESSMENTS. All owners shall be obligated to pay monthly assessments imposed by the Association to meet the common expenses as defined in the Master Deed. The assessments shall be made pro-rata according to the proportionate share of the apartment owner in and to the common elements as set forth in the Master Deed and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of the members within the meaning of these By-laws only if he is current in the assessments made or levied against him and the condominium apartment owned by him.

ARTICLE X.

AMENDMENTS TO BY-LAWS

10.1. PROCEDURE FOR AMENDMENTS. After relinquishment of declarant control as hereinbefore set forth, these By-Laws may be amended by the Association at a duly constituted meeting for such purpose upon the vote of 66 2/3% of the aggregate interest of the undivided ownership of the common elements, except for those amendments provided for in the Master Deed which shall require the approval of all owners and mortgagees. In no event shall the By-Laws be amended to conflict with the Master Deed, and in the event of such conflict, the Master Deed shall control. Until relinquishment of declarant control as hereinbefore set forth, these By-laws may be unilaterally amended by the Declarant in any respect, including, but not limited to, amendments to correct any clerical or typographical error or omission, to change any provision to meet the requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration, or

Federal Housing Administration, or to increase the number of directors.

ARTICLE XI.

MORTGAGES

11.1. NOTICE TO ASSOCIATION. An owner who mortgages his units shall notify the Association through the Secretary of the Association, giving the name and address of his mortgagee. The Association shall maintain such information in its books and records.

11.2. NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a mortgagee of an apartment, report any unpaid assessments due from the owner of such apartment.

XII.

NON-PROFIT ASSOCIATION

12.1. NON-PROFIT ASSOCIATION. This Association is a non-profit corporation. No Apartment owner, member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary gain or profit from the operation of the Association, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any member of the Board of Directors; provided, however, that reasonable compensation may be paid to any member while acting as an agent or employee of the Association for services rendered in effecting one or more purposes of the Association and that any member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

PRINCIPAL OFFICE

13.1. LOCATION OF PRINCIPAL OFFICE. The principal office of the Association shall be located at 300 East Race Street, Searcy, Arkansas 72143, or such other suitable and convenient place as shall be permitted by law and designated by the Board of Directors.

ARTICLE XIV.

EXECUTION OF INSTRUMENTS

14.1. AUTHORIZED AGENTS OF ASSOCIATION. The President and Secretary-Treasurer of the Association shall be authorized to execute any and all instruments of conveyance, encumbrance or debt, including promissory notes, mortgages, security agreements and other instruments in the name of and on behalf of the Association, upon resolution of the Board of Directors of the Association for such purpose.

ARTICLE XV.

CONSTRUCTION

15.1. HORIZONTAL PROPERTY ACT. These By-Laws are set forth to comply with the requirements of the Arkansas Horizontal Act, specifically, Arkansas Statutes Annotated Section 50-1015. If any of these By-Laws shall be determined to conflict with the provisions of the said Statute, it is hereby agreed and accepted that the provisions of the Statute shall govern.

15.2. ARKANSAS NON-PROFIT CORPORATION ACT. These By-Laws are further adopted and set forth for purposes of complying with the provisions of the Arkansas Non-Profit Corporation Act, and to the extent that any provision hereof shall conflict with the provisions of the said Statute, it is hereby agreed that the provisions of the said Statute shall govern.

15.3. CONDOMINIUM MANAGEMENT ASSOCIATION. These By-Laws have further been prepared and adopted for purposes

of complying with the provisions of Section 528 of the Internal Revenue Code. To the extent of any conflict, the provisions of the Internal Revenue Code shall govern.

The undersigned members of the Board of Directors of the River Oaks Trace Association of Condominium Owners, Inc., by their signature hereto, do hereby certify that the above and foregoing is a true, complete and correct copy of the By-laws of the Association, as adopted at the initial meeting of the Board of Directors of the Association held on the 24th day of July, 1984.

BOARD OF DIRECTORS:

E. D. Yancey
E. D. Yancey

Tommy Quattlebaum
Tommy Quattlebaum

Nick D'Auteuil
Nick D'Auteuil