

**BY-LAWS OF
SOUTHWIND SUBDIVISION
PROPERTY OWNERS ASSOCIATION**

For the purpose of this document, the following definitions prevail:

1. Member: Any person owning property in the Southwind Subdivision.
2. Member in good standing: A member who is current on payment of dues and/or assessments.
3. Quorum: Fifty (50) percent plus one of the members in good standing in attendance or voting by proxy at a meeting.
4. Southwind Subdivision: encompasses Phases I and II and any future development of Southwind Subdivision.

**Functions of the Southwind Property Association Hereinafter referred to as
"Association":**

1. To review all individual and group actions pertaining to the quality of life in the Association using these by-laws and the covenants (see attached Covenants and Restrictions created by Generation Builders for additional covenants and restrictions) as recorded as guidelines.
2. To promote a quality of life in the Association, which will be attractive to homeowners, homebuyers, sound for investors, and a credit to the community.
3. To establish such committees and agencies as it deems necessary to carry out its functions and responsibilities.
4. To elect officers/architectural control committee members.
5. It is not the intent of the Association to act as developer nor assume any responsibilities or previously designated activities and responsibilities of the developer.

Article I: Membership

1. Membership of the Association shall consist of all property owners in the Southwind Subdivision.
2. All property owners in the Southwind Subdivision are subject to the rules established by the Association.
3. Authority for all decisions lies with the total membership.
4. Voting Rights: each property owner in good standing shall be entitled to one vote. A sealed, signed proxy vote is allowed.

Article II: Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the last day of December.

Article III: Dues

Section 1: Annual Dues. The Board of Directors will recommend to the Association the annual dues of the Association. This recommendation must be approved by a majority of the membership present or by proxy at annual meeting. Majority being defined as fifty percent (50%) plus one. There are no discounts for prepayment.

Statements outlining payment of dues will be sent each December.

Section 2: Payment of Dues. Dues shall be payable at the time set by the Board for payment of dues. Permanent files are mandatory for the owner of each lot located in the Subdivision. The dues shall be assessed against the homeowner/lot owner of each lot.

Section 3: Non-payment of Dues. When any member shall be in default in the payment, the Association may file a lien against each lot upon which the dues are in default. The levy of such lien will equal the dues that are past due plus an additional \$25.

Section 4: Annual Dues Amount. The annual dues, as determined in accordance with Article III, Section 1, shall be \$50.00. The annual dues for a vacant lot owner shall be \$25.00(one-half of the annual dues). Once a lot is fully developed (as determined by the Architectural Control Committee) the full \$50.00 will be due the following January. The annual dues shall be paid by the first of January for the upcoming year. Dues received after March 15, shall be considered delinquent and may be assessed a late payment penalty. The dues, which shall become payable upon the first of January following the transfer of a lot

Article IV: Meetings

Section 1: Annual Meetings. There shall be an annual meeting during the last quarter of the fiscal year for the election of the Board of Directors and for receiving the annual reports of officers, directors and committees and the transactions of other business. The date of the meeting will be determined by the Board of Directors a minimum of thirty (30) days prior to the selected date and will notify all members.

Section 2: Regular Meetings. The Board of Directors will schedule regular meetings of the Association as necessary. A regular meeting may be called by a majority of the board. Other than the first regular meeting, a regular meeting must be called by the officers upon receipt of a petition, certified by the officers, signed by twenty five percent (25%) of the membership. Appropriate notice will be provided to all members.

Section 3: Waiver. Notwithstanding the provisions of any of the foregoing sections, a meeting of the members of this Association shall be held at any time and any place and any action may be taken thereat, if notice is waived in writing by every member having the right to vote at the meeting.

Section 4: Quorum. The presence in person or by proxy of fifty percent (50%) plus one of members in good standing in attendance of the Association entitled to vote shall be necessary to constitute a quorum for the transaction of business. A proxy vote must be in writing. Another member of the Association must attest the proxy with their signature on the proxy vote as well.

Section 5: Voting. Every member of the Association is entitled to vote at any meeting thereof and may vote by the proxy if the proxy is given in writing and delivered to a member of the Board of Directors of the Association prior to the meeting.

Section 6: Order of Business. The Board of Directors shall determine the order of business for all meetings.

Section 7: Notice. Delivery of notice of a meeting in writing to anyone owning an interest in a lot shall constitute adequate notice of a meeting of the Association. The notice shall be given at least fourteen (14) days prior to the meeting time and shall provide the time and place of meeting.

Article V: Board of Directors

Section 1: Number. The Board of Directors shall consist of no more than seventeen (17) members. The members of the Board of Directors shall, upon election, immediately enter upon the performance of their duties and shall continue in office until the successor shall be elected and qualified.

Section 2: Meetings of Board. Regular meetings of the Board of Directors shall be held immediately succeeding the annual election in January and at any other time and place when a written notice has been given by the President of the Board, to the other members, no later than fourteen (14) days prior to the date of the meeting. Board of Directors will meet at least once a quarter.

Section 3: Quorum. A simple majority of the Board of Directors shall constitute a quorum for the transaction of business by the Board of Directors.

Section 4: Vacancies. Whenever vacancies of the Board of Directors occur they shall be filled without undue delay by a majority vote of the remaining members of the Board of Directors. The new board member so elected, shall hold office until the next annual meeting.

Section 5: Voting. Each member of the Board of Directors shall have one equal vote.

Section 6: Method of Election. Elections shall be held at the annual meeting. A majority vote is required for election. Majority is defined as fifty percent (50%) plus one.

Article VI: Officers

Section 1: Numbers. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer. Each of these officers will be voting members of the Board.

Section 2: Method of Election. The officers of this association shall be elected immediately following the election of the Board of Directors. The Board of Directors will meet immediately following the Annual Meeting to elect officers.

Section 3. Terms of Office. The terms of office will be for a one-year period. However, officers may be re-elected to a position if the procedures under Article VI, Section 2 are followed and applied to an existing officer being considered for re-election.

Section 4. Vacancies. Vacancies in the offices of the officers shall be filled in accordance with that of vacancies on the Board of Directors, Article V, Section 4.

Section 5. Removal of Officers. Upon an affirmative vote of a majority of property owners in good standing and in attendance, any officer may be removed, with just cause, and a successor can be elected at any regular or special meeting of the Board.

Section 6. Duties. The duties of the officers of the Association shall be as follows:

PRESIDENT

The President shall preside at the meetings of the association and the Board of Directors. He/She shall be an ex-officio member of all committees except the nomination committee.

VICE-PRESIDENT

In case of the death or absence of the President, or his/her inability for any cause to act, the Vice-President shall perform the duties of the President.

SECRETARY

The Secretary shall give notice of all meetings of the association and the Board of Directors and keep a record of the proceedings of said meetings; conduct all correspondence and the care and execution of all orders, votes, resolutions of the association and the Board of Directors; keep a list of the members of the association; and other duties as may be assigned.

TREASURER

The Treasurer shall collect the annual dues and keep an account of all monies received and expended for the use of the association and shall prepare all disbursements as approved by the Board of Directors. The Treasurer shall prepare financial reports as required by the Board of Directors. The Board of Directors will designate members authorized to sign checks and other disbursements. Two authorized signatures shall be required for expenditures up to one hundred dollars (\$100). Any expenditure in excess of one hundred dollars (\$100) must be approved by a majority of Board Members.

Article VII: Committees

Section 1. General. There shall be appointed and elected as deemed fit by the Board of Directors, such committees as necessary to carryout the business of the association. These committees can be permanent or ad-hoc. The officers may approve a work committee at any time as required.

Section 2. Architectural Control Committee. The Architectural Control Committee (hereinafter "ACC") will consist of five (5) members elected by the Board of Directors and shall include Tom Watson of Generation Builders. It shall be the

responsibility of the ACC to ascertain that the by-laws covenants and restrictions are adhered to. If there is a variance from said restrictions and covenants, the ACC and officers are authorized to notify the property owners in writing of the variance and request correction within thirty (30) days.

**All external changes to existing structures and new construction of outbuildings have to be approved by the ACC.*

Article VIII: Amendments

These Bylaws may be amended, repealed, or altered in whole or in part by a two-thirds vote of any duly organized meeting of the association. No modification of or amendment to these By-laws shall be valid unless set forth in a recorded instrument which shall be recorded in the office of the Circuit Clerk and Ex-Officio Recorder of Faulkner County, Arkansas.

Article XIX: Maintenance and Repairs

Section 1 Responsibility of the Association. The Association shall be responsible for the maintenance, repair and replacement of:

*perimeter fencing: along Salem Road and any undeveloped property; shrubbery and grass areas and maintenance outside the subdivision wall/fencing; approved subdivision signage; and such other items as may be approved from time to time by a majority of the Board Members.

Section 2. Right of Entry on a Lot. The association reserves the right, if the yard of a lot falls into disrepair or if other conditions create an eyesore or safety hazard, to arrange for the maintenance or repair and/or to perform necessary work, after written notice and an opportunity to cure has been given to the owner.

A. To the extent any owner fails to maintain his or her property to the standards required as set by these covenants or those of the ACC or other authorized body, the Association may take action as deemed necessary to bring the property into compliance, and charge the owner all costs involved with the correction, collection and enforcement.

B. The member/owner's failure to comply with the written notice of violation by the date specified may result in an enforcement assessment (fine) of not less than fifty dollars (\$50) payable to the association.

Article X: Use of Properties Prohibited and Permitted

Section 1. Residential Use:

A. Residential Purpose. All lots and dwellings shall be used for single family home or similar residential purposes and for no other purposes. There shall be no resubdivision of any lot.

B. Residential Lease (Rental Agreement). No lease may be for less than thirty (30) days, unless otherwise approved by a majority of the Board, and

dwellings are not to be used for hotel or transient purposes. Any lease or rental of a residence shall provide that its terms are subject in all respects to the Covenants and Restrictions, the Bylaws, the Rules and Regulations of the Association, and the actions of the ACC, and that any failure of the lessee to comply with the terms of the foregoing shall constitute a default under the lease. The owner shall provide a copy of all Association By-laws, Covenants and Restrictions and Rules and Regulations to the lessee at the time any lease is executed.

Nonresident owners shall, within a reasonable time, provide the association with written identification of all tenants after the change in occupancy. Upon notice to owner of any violation of the Rules and Regulations, By-laws or Covenants and Restrictions, the owner shall in turn notify the association what action is being taken to correct the violation.

The owner, in the event the tenant fails to comply with the association's governing documents, may be held responsible for attorney fees and all costs incurred by the association in its attempts to obtain the tenant's compliance with the association's governing documents.

Section 2. Commercial Use Prohibited. No part of any property shall be used or cause to be used or allowed or authorized in any way directly or indirectly, for any business, commercial civil, manufacturing, mercantile, storing, vending, or other such nonresidential purposes except for home offices or occupations without any external visible or other evidence of commercial activity in, on or about the lot, dwelling or within the development.

Section 3. Nuisances. No noisy, hazardous, noxious, or offensive activity shall be carried on upon any lot or portion of the property, nor shall anything be done or kept thereon which is an annoyance or nuisance to the neighborhood, or which shall interfere with the quiet enjoyment of the other residents. This includes, but is not limited to, offensive and unsightly vehicular repair, excessively loud motorized vehicles, barking dogs and excessively loud music.

Section 4. Animals.

A. Animals (usual and customary household pets) may be kept in a reasonable number (which may be determined by the Board of Directors) on each lot so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock or poultry of any kind shall be kept, bred or raised on any lot or in any residence. The association shall have the right to prohibit any animal, which constitutes, in the sole and exclusive opinion of the Board of Directors, a nuisance to other property owners or residents. Each owner shall be absolutely liable to each and all other owners, their family members, guests, invites, lessees, renters and contract purchasers and their respective family members, guests or invites, for any damage to persons or property caused by any pet kept by owner or on the properties because of owner or owner's tenants, guests, invitees or family members.

B Dogs must be leashed and otherwise under the supervision and restraint of their owners at all times. Owners and residents must pick up after their pets if

the pets defecate in the common areas or on any property of others.

C. The Board of Directors shall have the right to establish and enforce additional Rules and Regulations defining, in a uniform and nondiscriminatory manner, and determine what constitutes a "reasonable number" of pets depending on their size, disposition and/or maintenance requirements. The Board may impose standards for the reasonable control and keeping of household pets in, upon and around the properties to ensure that the same do not interfere with the quiet and peaceful enjoyment of the properties by the owners and residents. Owners are subject to enforcement assessments (fines) for failure to adhere to those requirements.

D. All pets are also subject to the laws and regulations of the City of Conway.

Section 5. Parking Areas and Vehicle Restrictions. The Board of Directors has authority to adopt reasonable rules, regulations and penalties regarding parking in and towing from the association development.

A. No industrial or commercial vehicle, excluding standard-sized pickup trucks or standard vans with commercial license plates that do not violate (a.) (6.) & (7.) below, shall be allowed to park within the association development, except that the vehicle is present because of service being provided to a resident, and then, only as long as necessary to provide the required service. A commercial or industrial vehicle is defined as including or qualifying as one or more of the following:

- (1.) A vehicle with commercial signage or logos, which identify a business, which signage or logos are clearly visible from the street;
- (2.) A vehicle with visible ladders and/or visible storage of cargo, equipment or tools;
- (3.) A vehicle with a weight rating greater than a standard pickup truck or van (i.e. in excess of a one-ton rating);
- (4.) A pickup truck with a commercial type cargo enclosure in place of the standard pickup bed, or a van with a modified type cargo enclosure;
- (5.) A vehicle with a cargo lift gate;
- (6.) A vehicle greater than 21 feet in length;
- (7.) A vehicle greater than 8 feet in height

B Boats, jet skis, campers, house trailers, recreational vehicles, and similar trailers shall be parked or stored in a garage or behind a screening fence, a minimum of six(6) feet high in the side or back yard.

C. No disabled or inoperable vehicles (including those not currently registered) may be stored in the driveway or on any street. No vehicles may be parked on any lawn or vacant lot. Consistent parking of vehicles in streets is prohibited.

Section 6. Signs. No sign of any kind shall be displayed to the public view on or from any residence lot without prior written consent of the Board of Directors, except

one standard-sized "For Rent" or "For Sale" sign for each residence lot. A reasonable number of standard sized political campaign signs may be displayed on a lot from thirty (30) days before the election until twenty-four (24) hours after the election, by which time the signs must be removed. No signs shall be placed in any common area except as deemed necessary or prudent by the Board, ACC or any established committee of the association.

Section 7. Trash. All garbage and trash shall be placed and kept within sanitary containers as furnished by the City of Conway and shall be kept from public view except when placed out for scheduled pick up.

Section 8. Prohibition on Fixed Basketball Standards. No fixed basketball standards may be attached to any building or element of the lot or common area. Portable basketball standards may be used so long as they are not left in the street and do not create a nuisance or fall into disrepair and constitute a safety hazard or eyesore.

Section 9. Street Closures. Any street closure for recreational purposes for any period of time has to be approved by the Board of Directors.

Article XI: Miscellaneous

Section 1. Notices. All notices to the association shall be sent by registered or certified mail to the President of the association or to such other address as the officers may hereafter designate from time to time. All notices to any owner shall be sent by ordinary first class mail to his/her property or to such other address as may have been designated by him/her from time to time, in writing, or to the secretary. All notices shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received. Notice of meetings shall be given in the manner set forth in Article IV, Section 7. Notice. Grievances and complaints should be submitted in writing to designated Board members.

Section 2. Severability. The provisions hereof shall be deemed to be severable, and the invalidity, partial invalidity or unenforceability of any one portion or provision of these By-laws shall not affect the validity or enforceability of any other provision.

Section 3. Captions. The captions contained in these By-laws are inserted only as a matter of convenience and for reference and in no way define, limit, or prescribe the scope of these By-laws or the intent of any provision thereof.

Section 4. Waiver. No restriction, condition, obligation or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same regardless of the number of violations or breaches thereof which may occur.

Section 5. Interpretation. The provisions of these By-laws shall be liberally construed to effectuate their purpose of protecting the member/owners and potential buyers of property against the undesirable uses of residential property that detract, create nuisances, destroy the aesthetics, or involve any action that would ultimately lead to reduced property values and/or the destruction of the neighborhood.

Whenever in these By-laws it is provided that any person shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an expressed agreement to make such payment or to perform or not to perform, as the case may be, such act or obligation.

Section 6. Insurance. The association shall provide "Directors and Officers Insurance" for the officers of the association. Further, each officer of the association shall be held harmless from expense, loss or liability by reason of having served as such officer and shall be indemnified by all the property owners (as a common expense) against all expenses and liability, including reasonable attorney's fees, incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a part, or have become involved by reason of being such officer, whether or not he/she is an officer at the time such expenses are incurred, except in such cases wherein the expenses and liability arise from a proceeding in which such officer is adjudged guilty of willful misconduct in the performance of his/her duties.

The association shall carry general liability insurance to protect the association against any liability claims/issues that may arise from incidents that occur in common areas or other areas for which the association is considered the property owner.

APPROVED:

President

Secretary

ACKNOWLEDGEMENT
State of Arkansas)
County of Faulkner)

Before me, the undersigned, a Notary Public in and for the said County and State, on this day personally appeared Terry Verkler and Vickie Brown, known to me to be the persons whose names are subscribed to the foregoing instrument, and stated that such persons executed the same for the purposes and considerations herein expressed.

My Commission Expires

Notary Public