

BYLAWS OF THE
HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the Hot Springs Village Property Owners' Association, a nonprofit corporation organized and existing under the laws of the State of Arkansas.

Section 2. "Declaration" shall mean and refer to the Declaration filed by John A. Cooper Company and Hot Springs Village Property Owners' Association in the office of the Circuit Clerk and Ex-officio Recorder in and for Garland County, Arkansas, on April 20, 1970, and there recorded in Book 653, page 369, et. seq. "Declaration" shall also mean and refer to the Declaration filed by John A. Cooper Company and Hot Springs Village Property Owners' Association in the office of the Circuit Clerk and Ex officio Recorder in and for Saline County, Arkansas.

Section 3. "The Properties" shall mean and refer to the real estate described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association as provided in the Declaration.

Section 4. "Developer" shall mean and refer to Cooper Communities, Inc.

Section 5. "Common Properties" shall mean and refer to those areas so designated upon any recorded subdivision plat of The Properties and intended to be devoted to the common use and enjoyment of Owners of The Properties; and shall also mean and refer to any improvement designated by the Developer as Common Properties and intended to be devoted to the common use and enjoyment of Owners of The Properties, and shall specifically include, but not to the exclusion of other improvements which may hereafter be designated as Common Properties by the Developer, the following:

Roads and streets not dedicated to the public, Lakes, Golf Courses, Permanent Parks, Permanent Recreational Plots, Water System, and Sewer System

The term shall also mean and refer to any improvement owned by the Association.

Section 6. "Limited Common Properties" shall mean and refer to those areas of land so designated upon any recorded subdivision plat of The Properties intended to be devoted to the common use and enjoyment of the owners of specifically designated property; and also those areas so designated from time to time by the Developer for the purpose aforesaid.

Section 7. "Lot" shall be the numbered lots or numbered and lettered lots in the numbered blocks as shown on any recorded subdivision plat of The Properties.

Section 8. "Living Unit" shall mean and refer to any portion of a building situated upon The Properties designed and intended for use and occupancy as a residence by a single family.

Section 9. "Member in Good Standing" shall mean a member current in the payment of all assessments, service and use charges (no more than 60 days delinquent) and not under any suspension of privileges.

Section 10. "A Conflict of interest" shall mean an actual interest by a Board member in an action that has the appearance of resulting in, personal, organizational, or professional gain.

ARTICLE II

Location

Section 1. The principal office of the Association shall be located at Hot Springs Village, Arkansas.

ARTICLE III

Membership

Section 1. Membership. The Developer, its successors and assigns, shall be a member of the Association so long as it shall be the record owner of a fee, or an undivided fee, interest in any Lot or Living Unit, which is subject by covenants of record to being assessed by the Association, even though such assessment has not yet commenced, and the Developer shall also be a member until it is paid in full for every such Lot or Living Unit which it shall sell. Also, every person or entity who is a record owner of a fee, or undivided fee, interest in any Lot or Living Unit which is subject by covenants of record to being assessed by the Association and who shall have paid the Developer in full for the purchase price of the Lot or Living Unit, shall be a member of the Association, provided that any such person or entity (except the Developer) who holds such interest merely as security for the performance of an obligation shall not be a member. (See Article III, Section 1 of the Declaration)

Section 2. Associate Member. Every person or entity who has entered into a contract of purchase with the Developer covering a Lot or Living Unit which is subject by covenants of record to being assessed by the Association and who has not paid the Developer in full for the purchase price of the Lot or Living Unit shall be an associate member of the Association. An Associate member shall be entitled to all of the privileges of a member except the right to vote in the election of directors, or otherwise. Rescission of a contract of purchase by Developer for any reason shall terminate the associate membership. (See Article III, Section 3 of the Declaration)

Section 3. With the exception of the membership held by the Developer, the rights of membership and associate membership are subject to the payment of annual assessments levied by the Association. All memberships and associate memberships are also subject to the payment of special assessments levied by the Association. The obligation of the assessments which are

imposed against a particular Lot or Living Unit becomes a lien upon the property against which such assessments are made and also becomes a personal obligation of the owner of such Lot or Living Unit, both being then as provided in ARTICLE X of the Declaration of Covenants and Restrictions to which The Properties are subject and which Declaration is recorded in Book 653, page 369 et. seq. records of Garland County, Arkansas, and in Book 155, page 118 et. seq., records of Saline County, Arkansas.

Section 4. Assigned Member. A member may assign property rights to another person. Member retains all voting privileges and record request rights.

Section 5. With the exception of the membership held by the Developer, the membership and associate membership rights of any person or entity whose interest in The Properties is subject by covenants of record to assessment by the Association, whether or not he/she or it be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his or its rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the common properties and facilities as provided in ARTICLE IX, Section 1 hereof, and the personal conduct of any person thereon is in violation of those rules and regulations, the Directors may in their discretion, suspend the rights of any such person for a period not to exceed thirty (30) days. The applicability of this Section 5 shall also run to any membership or associate membership rights which may have been delegated.

ARTICLE IV

Voting Rights

Section 1. There shall be two classes of voting memberships:

Class A. Class A members shall be all those persons or entities as defined in Section 1, ARTICLE III hereof, with the exception of the Developer, who have paid the Developer in full for the purchase price of the Lot or Living Unit. Class A members shall be entitled to one vote for each Lot or Living Unit in which they hold the interests required for membership by Section 1, ARTICLE III hereof.

When more than one person holds such interest or interests in any Lot or Living Unit, the vote for such Lot or Living Unit shall be exercised as they among themselves determine; but in no event shall more than one vote be cast with respect to any such Lot or Living Unit.

Class B. Class B member shall be the Developer. The Class B member shall be entitled to ten votes for each Lot or Living Unit of which it is the record owner and which is subject by covenants of record to being assessed by the Association until it shall have ceased to be record owner of the Lot or Living Unit and shall have been paid in full for such Lot or Living Unit. The Developer shall continue to have the right to cast votes as aforesaid (ten votes for each Lot or Living Unit) even though it may have contracted to sell the Lot or Living Unit or may have same under a mortgage or deed of trust.

For purposes of determining the votes allowed under this Section, when Living Units are counted, the Lot or Lots upon which Units are situated shall not be counted.

Section 2. The only actions which require a vote of the membership are:

- 1) The election of Directors
 - a. Elections require a majority of those voting
- 2) A change in the annual assessment outside of the Board's authority to do so.
 - a. Elections as authorized and governed by the Declaration Article X, Section 5.
- 3) The levy of a special assessment
 - a. Elections as authorized and governed by the Declaration Article X, Section 4.
- 4) The transfer of common properties
 - a. Elections as authorized and governed by the Declaration Article VIII, Section 3(i).
- 5) Changes in the Declaration. Elections as authorized and governed by the Declaration, Article XIV, Section 1.

In all elections, voting is limited to members in good standing. Votes deriving from lots owned by the Property Owners Association will not be cast in elections for Directors of the Association. Votes deriving from lots owned by the Property Owners Association will be cast in the same proportion as the votes cast by all other members in good standing on all remaining elections under the Declaration.

ARTICLE V

Property Rights & Rights of Enjoyment of Common Property

Section 1. Each member and associate member shall be entitled to the use and enjoyment of the common properties and facilities as provided by ARTICLE VIII of the Declaration applicable to The Properties.

Section 2. Any member or associate member may delegate his or its rights of enjoyment in the Common Properties and Facilities as provided in ARTICLE VIII, Section 4 of the Declaration. Such member or associate member shall notify the Corporate Secretary in writing of the name of any such person and of the relationship, if any, of the member or associate member to such person. The rights and privileges of such person are subject to suspension under ARTICLE III, Section 4 of these Bylaws to the same extent as those of the member or associate member.

Section 3. The Directors shall make such rules from time to time as shall be appropriate relative to the use of the Common Properties and Facilities by guests of members, and assigned members, associate members, and the members and associate members shall be bound by such rules as same be made and published.

ARTICLE VI

Association Purposes and Powers

Section 1. The Association has been organized to preserve the value of and to promote the health, safety, and welfare of the residents and commercial owners within The Properties and for this purpose to:

1. exercise all of the powers and privileges and to perform all of the duties and obligations of the corporation as set forth in Declaration of Covenants and Restrictions, hereinafter called Declaration, applicable to the Properties and recorded or to be recorded in the Offices of the Circuit Clerk and Ex-officio Recorder in and for the Counties of Garland and Saline, State of Arkansas, and as the same shall be amended from time to time as therein provided; said Declaration being incorporated herein as if set forth at length;
2. own, acquire, build, operate, and maintain recreational parks, playgrounds, swimming pools, golf courses, private ways, private roads, private lanes, utilities, specifically but not limited to water system and sewer system, lakes, buildings, structures, and personal properties incident thereto hereinafter referred to as "The common properties and facilities";
3. provide for municipal services including, but not limited to, garbage and trash collection, fire and police protection and maintenance of unkempt lands and trees;
4. fix, levy, collect and enforce payment by any lawful means, all charges, penalties and assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the corporation;
- * 5. pursuant to the terms of the Declaration convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the corporation;
6. pursuant to the terms of the Declaration, borrow money on an unsecured basis. Also to borrow money on a secured basis, and to secure any such secured loan or loans, by pledge, deed in trust, (deed of trust), assignment of assessments which have accrued or which shall accrue in the future, and to otherwise hypothecate any or all of the real or personal property of the corporation. Any action taken pursuant to this authorization must be approved by a majority of the Board of Directors in a regular or special meeting.
- * 7. pursuant to the terms of the Declaration dedicate, sell or transfer all or any part of the common properties and facilities to any public or private agency, authority, or

utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless approved by 51% of each class of members, agreeing to such dedication, sale or transfer;

8. participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes, provided that any such merger shall have the assent of a majority of each class of members voting on the issue. Any action taken pursuant to this authorization shall be preceded by fifteen (15) days notice to the members setting forth the nature of the action to be taken.
9. insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the Properties, including but not limited to maintenance of public streets and roads; and
10. enforce any and all covenants, restrictions, and agreements and applicable to the Properties.

ARTICLE VII

Board of Directors

Section 1. Qualifications. A Director must be a member in good standing of the Association having membership privileges, cannot be a paid employee of the Association or an independent contractor of the Association while serving on the Board of Directors, and must have been duly elected as provided in the Declaration, Articles of Incorporation and these Bylaws. Directors are elected volunteers and are not to receive a salary or remuneration for their service.

Section 2. Number. The Board of Directors of the Association shall be composed of seven (7) members. A change in the number of directors shall be made only by amendment to the Articles of Incorporation.

Section 3. Term of Office. The term of office of a Director shall be a period of three (3) years or until his or her successor has been duly elected and qualified, as described in Article VII, Section 7. In the event a vacancy interferes with a 3-2-2 staggering, a candidate shall serve a shortened term thereby restoring the intended board turn over methodology. Once elected, that Director shall be declared: First, by volunteering; if not then, Second, by lowest number of votes in election; if not then, Third, by all Directors in that election participating in a manual "chance" process of blind selection term assignments such as the drawing of the "the short straw" or drawing "from a hat", etc. A Director may serve two (2) consecutive, elected three-year terms. No Director serving two (2) consecutive, elected terms shall be eligible for nomination or election until the passing of three (3) consecutive years from the last service.

Section 4. Governing Power. An individual Board Member shall have no power of government or administration, derived from the fact that each Director was elected to office. Such governing powers shall come only from actions of the Board as a whole, approved by a majority thereof,

unless the act of a greater number is otherwise specifically required pursuant to the Declaration, the Articles of Incorporation, or these Bylaws.

Section 5. Resignation. Any Director may resign from the Board at any time by giving written notice to the Chair or the Secretary of the Association and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. A Director may be removed from office for cause by majority vote of the Board of Directors. Cause as used in these Bylaws may include, but shall not be limited to:

(a) Being absent from three (3) consecutive regular monthly Board meetings (as described in Article X herein) or six (6) regular monthly Board meetings during any twelve-month period;

(b) Interfering directly in the management of the Association; or

(c) Violation of any Association governing documents, including the Declaration, Articles of Incorporation, Bylaws, policies, rules, or resolutions, as the same may be in effect from time to time, including not reporting a conflict of interest.

Section 7. Vacancies. If a Director, for any reason, does not complete a term of office, the Board may elect, by majority vote of the remaining Directors, any member in good standing as an interim director until the next succeeding election at which time the pendency of the vacant term (if any) shall be filled by a vote of the membership.

If the vacancy is not filled by the Board, it shall be filled at the next succeeding election of members of the Association voting on candidates, selected as set out in Article VIII hereof. Any Director elected by a vote of the membership to fill a vacancy shall serve as director until the expiration of the term of the director whose position he/she was elected to fill.

ARTICLE VIII

Board of Directors Election Process

A. Election Objectives

Section 1. To increase the effectiveness of the POA Board by utilizing a needs-based approach to elections.

Section 2. Adequately communicate community needs in order to attract candidates who can be most effective in responding to community challenges and opportunities

B. Board of Directors Elections

The election of the Board of Directors shall be as follows:

Section 1. Election of Board of Directors shall be by ballot. At such election, each lot or living unit in good standing, may cast one vote per position to be filled.

Section 2. The election to the Board of Directors shall be conducted in accordance with established policies as found in Chapter 8, Article 8, and established procedures. The Board of Directors shall appoint a chair to the ad hoc Election Day Committee.

Section 3. Any member of the Property Owners Association in good standing, not an employee of the Association and in compliance with Article VII, Section 2 and 3, may be certified for candidacy for the Board of Directors election ballot.

The applicant shall correctly complete, sign and submit the official application for candidacy and petition to the office of the CEO. The CEO will certify that the applicant is a member in good standing and has properly filed an application and will so notify the Board of Directors.

Section 4. Voting for the Board of Directors shall be a ballot (written or electronic) which shall (1) designate the number of vacancies to be filled; (2) set forth the names of candidates for such vacancies.

The order of appearance of the candidates' names on the ballot shall be in random order with each candidate's name appearing first on the ballot as close to an equal number of times as is mathematically possible.

The term of office of a Director shall be for three (3) years. The term shall commence immediately following the regular April Board meeting; and the term shall expire upon the adjournment of the regular April Board meeting three (3) years after election unless a successor has not been elected and certified by the Board of Directors. In such event the Director shall continue to serve until a successor is elected and certified.

If a vacancy occurs on the Board of Directors for any reason, the Board may appoint a successor Director to serve an interim term being the time until the next election and certification date.

Section 5. If the time set by the Association for the filing of applications expires and the number of vacancies on the Board of Directors to be filled at any election and the number of certified candidates for those positions are the same or less, the Association shall not be required to follow the election procedure outlined in Section 4 above. The Board of Directors shall declare the candidates elected, and they shall take and hold office accordingly.

The conclusion of an election should result in all seven positions on the Board of Directors being filled. If the number of certified candidates is less than the number of positions being vacated, (an) incumbent Board member(s) shall continue in office until successor(s) shall have been elected and certified by the Board of Directors. The incumbent(s) who remain in office will be determined by drawing lots by the affected Directors. Any incumbent Director unwilling to continue in office may be excluded from drawing lots. If enough willing incumbent Directors are not available to fill all seven positions, the Board of Directors may appoint an interim Director to fill any vacant position in accordance with Section 4 above.

Election results will be made public per policy Chapter 8, Article 8. .

Section 7. Any member, in good standing, shall have the right to request a recount of the ballots returned. That request must be made in writing within three (3) working days after the election date. The recount will be done by an outside firm selected by the CEO, at the expense of the individual requesting the recount. An upfront fee must be paid by the requesting member to cover all costs to perform the recount at a charge to be determined by the chosen firm. If the recount changes the outcome of the election, the member will be reimbursed all fees paid.

ARTICLE IX

Board Responsibilities, Authority, and Accountability

Section 1. Board Responsibilities

The Board's mission is to govern consistently with the Declaration and Protective covenants, to assure the viability of Hot Springs Village by establishing and managing goals and objectives, and to ensure that the voice of the member is represented.

The board of directors is responsible for governing the affairs of the Property Owners Association by managing the legal and financial matters of Hot Springs Village. Specifically, this responsibility includes:

- a) Selecting and hiring the Chief Executive which includes
 1. Establishing and evaluating the Chief Executive's duties and performance, and
 2. Determining whether to retain or dismiss the executive
- b) Providing effective directional planning for the organization including:
 1. Establishing the mission, vision and goals
 2. Ensuring there are appropriate governing principles in place for providing and utilizing resources that guide management's day to day operating strategies
- c) Set and oversee the articles of governance and ensure compliance.
- d) Protecting the organization's assets and owner's investment (fiduciary responsibility).
- e) Assess its own performance

All other responsibilities belong to the chief executive and his or her management team.

Section 2. Board Authority

- I. Authority Over Assessment Practices

(a) The Board shall have the responsibility to levy and provide for collection of annual assessments from members and associate members to be used for the construction, improvement and maintenance of properties, service and facilities devoted exclusively to promoting the recreation, health, safety and welfare of the membership pursuant to Article X of the Declaration. The use of the assessments may include but shall not be limited to:

(1) Payment of all taxes assessed against the property owned by the Association;

(2) Payment of all premiums of all insurance policies required, in the reasonable judgment of the Board of Directors, for the protection of the Association, its directors, officers, employees, and its property;

(3) Maintenance, repair, replacement or additions to the facilities and supplies and equipment of the Association;

(4) Maintenance, repair and replacement of roads and streets even though they may have been dedicated to the public;

(5) Furnishing or providing municipal services as deemed necessary and prudent in the reasonable judgment of the Board of Directors; and

(6) Providing for the repair, maintenance, or replacement of those amenities deemed necessary to properly promote the recreation, health, safety, and welfare of the membership.

(b) The annual assessment may be increased each year above the annual assessment for the previous year by a two-thirds (2/3) vote of the Board of Directors, provided, however, that such increase may be no greater than the consumer price index for the twelve-month period ending June 30 of the preceding year using the "Consumer Price Index, South Region All Items" as promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor or, if such is not available, any other reliable governmental or non-partisan publication evaluating similar information. Unless the annual assessment shall be increased as provided in this paragraph, it shall remain at the rate prevailing for the previous year

(c) The Board shall have the responsibility to levy and collect from members and associate members, in any assessment year, a special assessment provided such assessment has been approved by the members as set forth in Article X of the Declaration.

II. Authority over Governances and Resources

The Board shall have the authority to:

(a) Adopt and publish rules and regulations and enact and publish resolutions and policies which the Board shall deem necessary for the efficient operation of the Association,

including, but not limited to, the use of the Properties, and all facilities thereon, and the personal conduct of the members, associate members, assigned members, and guests on the Properties;

(b) Borrow money for the purpose of promoting the recreation, health, safety, and welfare of the membership as well as managing and maintaining said properties, equipment, supplies, and affairs of the Association, and shall have the power to mortgage Common Properties or amenities in aid thereof;

X (c) Own, operate, lease, dedicate or transfer the Common Properties, and the facilities thereon, and any other real estate or the improvements thereon necessary for the efficient operation of the Association, provided any such dedication or transfer has been approved by the members as set forth in Article VIII of the Declaration;

(d) Levy service or use charges and admissions or other fees for the use and enjoyment of the Common Properties;

(e) Conduct any business authorized and perform all acts required by the Declaration, Articles of Incorporation, elsewhere herein, or by law which, in the opinion of the Board, will promote the common benefit and enjoyment of the membership;

Section 3. Board Accountability

The Board is accountable to the members and to one another for enforcing all rights, covenants, restrictions, and agreements applicable to the Properties and the owners thereof, and to Common Properties, as provided for in the Declaration or which now or may hereafter be contained in or authorized by the Articles of Incorporation, the Bylaws, or laws of the state of Arkansas.

I. Duty of Obedience

Among the fiduciary obligations of an officer or director of a community association and not for profit corporation is a duty of obedience. This includes supporting, and not opposing directly or indirectly or taking any other stance against the policies and positions duly adopted by HSVPOA's Board of Directors. Board members are allowed to communicate their views while still upholding their adopted policies. As representatives of HSVPOA, officers and directors are obligated to maintain this duty of obedience in all manner of activities during their terms of office.

This duty of obedience is not intended to, nor should it, discourage debate. Informed debate is encouraged and is part of the individual's responsibility in the deliberation process.

II. Duty of Loyalty and Care

The duty of care requires performing responsibilities, in a manner each director or officer believes to be in the best interest of the association and with such care, including reasonable inquiry, as a prudent person in a like position would ordinarily use under similar circumstances. This standard of care has also been adopted in most jurisdictions and is often cited as the "prudent person standard" or the "business judgment rule." Stated succinctly

directors owe a duty of loyalty and care to the association and its members and will not be liable for mere mistakes in judgment so long as they were acting in good faith and had a rational basis for their decision.

- a) Conflicts of Interest. A “conflicting interest transaction” could be a contract, transaction or other financial relationship between the association and (a) a board member, (b) a party related to a board member, or (c) an individual or entity in which the board member has an interest. A board member need not own a company or receive direct benefit for there to be a conflicting interest transaction and should therefore exercise their powers for the good of all members rather than individual gain.

Board members are expected to disclose any conflict, or appearance of a conflict of interest to fellow board members. If the board then determines that a board member has a conflict of interest, the association may still enter into arrangement if the details between the association and the conflicted board member are disclosed to the board, a majority of the disinterested board members vote in good faith to accept the arrangement, and all of the following criteria are met:

1. The conflict of interest results in better overall value when weighted against competitive bidding submitted by like contractors for the same work.
 2. The Board shall disclose all the details and carefully document the conflict disclosure in the minutes.
 3. Once the conflict has been disclosed and while the board is discussing whether the contract should be adopted, the conflicted board member shall be available to answer questions about the conflict and the contract.
 4. The conflicted board member shall recuse him/herself from voting, and the conflicted board member shall leave the meeting during the remaining discussion and vote.
- b) Confidentiality and Transparency. As further described in Chapter 8, Article 3 of the Board of Directors policies, both confidentiality and transparency must be balanced to prevent harm to HSVPOA or frustrate the deliberations of those individuals elected to govern the organization. Executive sessions are not intended to, nor should they be used to hide important and appropriate information from the members, but to protect the innocent, assure confidentiality about sensitive matters, and avoid unnecessary legal expense or action.
 1. Private board deliberations are permitted, and their confidentiality required in these matters:
 - i. Discussions regarding employment, appointment, promotion, demotion, disciplining, or resignation of the CEO, as well as all other personnel authority delegated to the CEO;
 - ii. Discussions regarding board member conduct and conflicts of interest;

- iii. Discussions regarding legal matters;
 - iv. Discussions regarding the purchase, lease, exchange, or value of real property;
 - v. Discussions regarding prospective gifts to HSVPOA;
 - vi. Discussions regarding security issues;
 - vii. Discussions regarding economic development negotiations;
 - viii. Discussions of other confidential matters as reasonably expected to protect the organization and its interests.
2. Public deliberation is otherwise recommended to build member trust and support. Board members should not use private deliberations for the sole purpose of circumventing prudent transparency.
 3. A Board vote, whether taken privately or publicly and as documented and allowed within these bylaws, shall be binding on the organization. Board actions taken privately shall be communicated during the next public board meeting.

Individual board members shall use their professional experiences and personal circles of influence to equip themselves prior to deliberations and refrain from undermining board actions following a vote. Each individual shall uphold the spirit of Board member deliberation and decision-making processes, along with their resulting duties of care and loyalty.

ARTICLE X

Director's Meeting

Section 1. Regular Meetings. An annual meeting of the Board of Directors shall be held each year for the purpose of highlighting prior year accomplishments and communicating future areas of focus. The Board shall meet at least once each month on a day and time to be set by the Board in order to address general business and take action as necessary; however, any such monthly meeting may be dispensed with by the Chair for good and sufficient reason. The Board shall publish an annual schedule of its meetings before the 1st day of the new year; no further notice is required except when changed from the day or time previously set.

Section 2. Special Meetings. Each year the Board shall conduct a board orientation meeting in Executive Session, where no votes are to be taken. Other special meetings, both public and executive session, may be called by the Chair, at the request of any Association officer or any two (2) Directors. Notice of any special meeting, shall include an agenda for the meeting. Motions at a special meeting should be limited to the subject(s) for which the meeting has been called.

Section 3. Notice. Notice of the time and place of any meeting of the Board of Directors shall be given at least three (3) days prior thereto by written notice delivered personally or sent by mail, facsimile or other electronic transmission to each Director at his or her mailing or electronic

address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by facsimile or other electronic transmission, such notice shall be deemed to be delivered when the facsimile or other electronic transmission is transmitted by the sender to the Director's facsimile number or electronic address. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. The physical presence of a majority of the Board of Directors shall constitute a quorum thereof. A Director who participates in a meeting via a telephone conference call shall be deemed to be present in person. The quorum must be established when the meeting is called to order. All Board decisions must be made by the vote of a majority of all Directors, unless a greater number is otherwise specifically required pursuant to the other provisions of these Bylaws, the Declaration or the Articles of Incorporation.

Section 5. Voting by Proxy. A Director may not cast a vote by appointing a proxy.

Section 6. Manner of Acting.

(a) Formal Action by Directors. Except for the removal of a Director pursuant to Article VII hereof, the act of a majority of Directors in person present at a meeting at which a quorum is present shall be the act of the Board of Directors. A Director who participates in a meeting via a telephone conference call shall be deemed to be present in person.

(b) Informal Action by Directors. The Board of Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval, including electronic written approval (such as facsimile transmission or email communication), of all the Directors setting forth the action so taken. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

ARTICLE XI

Officers

Section 1. General.

(a) Officers. The corporate officers for the Association shall be a Chair, Vice Chair, Chief Executive Officer, Chief Operating Officer, Secretary and Treasurer. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine. The Chair and Vice Chair of the Board shall be members of the Board of Directors.

(b) Election. The officers of the Association shall be elected by the Board of Directors at a meeting designated as such following the membership election. Vacancies may be filled or new officers created and filled at any meeting of the Board of Directors.

(c) Term. Each officer shall hold office for a term of one (1) year and until his or her successor shall have been duly elected and qualified unless he or she shall sooner resign or be removed.

(d) Removal and Resignations. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association would be served thereby. Any officer may resign at any time by giving written notice to the Chair or the Secretary of the Association, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(e) Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 2. Chair. The Chair shall be selected from among the members of the Board of Directors and will preside when present at all meetings of the members and the Board of Directors. The Chair shall serve the Association in an advisory capacity and perform such duties as may be assigned to him or her, from time to time, by the Board of Directors. In the absence of the Chair, the Vice Chair shall preside at all such meetings of the members and the Board of Directors.

Section 3. Vice Chair. The Vice Chair shall be selected from among the members of the Board of Directors. In the absence of the Chair, or in the event of his or her death or inability or refusal to act, the Vice Chair shall perform the duties of Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also perform such other duties as the Chair or Board of Directors may assign to him or her from time to time.

Section 4. Secretary. The Secretary may be a member of the Board, provided, however, that such member of the Board may not be salaried. In the event someone other than a member of the Board is appointed to serve as Secretary, then such person may be salaried and need not be a member of the Association. The Secretary shall: (a) keep the minutes of the proceedings of the Board of Directors and all called meetings of the members, including the recording of all votes, in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) in general, perform other duties as from time to time may be assigned to him or her by the Chair or by the Board of Directors.

Section 5. Treasurer. The Treasurer may be a member of the Board, provided, however, that such member of the Board may not be salaried. In the event someone other than a member of the Board is appointed to serve as Treasurer, then such person may be salaried and need not be a member of the Association. The Treasurer shall: (a) have charge and custody of and be responsible for all funds of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected by the Board of Directors; (c) provide a report on the financial condition of the Association at the annual meeting

of the Board of Directors and at such other times as may be requested by the Board of Directors; and (d) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chair of by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 6. Chief Executive Officer. The Chief Executive Officer of the Association shall be the primary executive officer of the Association and, subject to the supervision and direction of the Board of Directors, shall have general supervision and control of the business, property, and affairs of the Association and the powers vested in him or her by the Board of Directors, by law or by these Bylaws or which usually attach or pertain to such office, including, but not limited to, the authority to sign all contracts on behalf of the Association, the effect of which shall be legally binding upon the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time. The Chief Executive Officer may appoint a Chief Operating Officer, who shall have such duties as prescribed by the Chief Executive Officer. The Chief Executive Officer shall also have the power to engage, discharge, determine the duties and fix the compensation of all employees and agents of the Association necessary or proper for the transaction of the business of the Association. Unless otherwise determined by the Board of Directors, at each regular meeting of the Board, the Chief Executive Officer shall submit a report of the operations of the Association and a statement of its affairs, and shall from time to time report to the Board all matters within his or her knowledge which the Chief Executive Officer believes the interests of the Association required to be brought to the Board's attention.

Except as otherwise provided herein, the Chief Executive Officer shall have the right to attend and participate at all meetings of the Board of Directors but shall have no voting powers. The Chief Executive Officer shall not attend any Board meeting at which the Board is evaluating his/her performance unless his/her presence is requested. The Chief Executive Officer shall serve at the will of the Board under the terms and conditions set forth in an Employment Agreement, agreed upon by the Board and the Chief Executive Officer, and shall perform the duties assigned by the Board, including those specifically outlined in a job description prepared and adopted by the Board.

Section 7. Multiple Offices. It shall be permissible at the discretion of the Board for the officers to serve in more than one capacity concurrently. Employees of the Association may also serve as corporate officers.

Section 8. Performance of Duties During Vacancy. In the event any officer, because of absence or incapacity of any kind, is unable to perform any of the duties of office, or in the event of a vacancy of any office, the Chair may designate some other person to perform such duties during such time or until such vacancy is filled by the Board.

ARTICLE XII

Committees

Section 1. The Standing Committees of the Association shall be

- A. Board Committees
 - 1. Governance Committee
 - 2. Audit Committee
- B. Non-Board Committees
 - 1. Golf Committee
 - 2. Lakes Committee
 - 3. Public Services Committee
 - 4. Recreation Committee
 - 5. Trails Committee
 - 6. Governmental Affairs Committee
 - 7. Architectural Control Committee
 - 8. Appeals Committee
 - 9. Comprehensive Master Plan Advisory Committee

The Board of Directors may constitute such other committees (including ad hoc committees), as it deems desirable, and appoint members to committees so constituted.

Section 2. Committees shall operate under the guidelines of a charter to be adopted and approved by the Board of Directors. Each charter shall provide for staggered terms of its members and shall include authority, purpose, organization and appointment, duties and responsibilities, limitations, meetings and reports. Standing committees shall also follow the open committee meeting policy stated in the POA Policies, Chapter One, Article 26.

Section 3. Each committee shall consist of a chair plus two or more members. A member of the Board of Directors shall be appointed by the Board Chair to serve each Standing Committee as a Board liaison; this appointment process will occur shortly after the Board is constituted each April. The CEO will determine the appropriate staff member to serve as Staff liaison to each Standing Committee.

Section 4. Appointment of Committee members

- A. All committee members must be members in good standing of the Hot Springs Village Property Owners' Association.
- B. Committee members shall not be appointed to serve on more than two Standing Committees at a time, except as otherwise specifically provided by the Board.
- C. Standing Committee members shall be re-appointed by the Board of Directors annually at the June Board of Directors meeting in accordance with the POA Operating Policies, Chapter 7, Article 2, Standing Committee Selection Process. The terms of service of committee members shall commence at the committee's June meeting. The Chair, Vice Chair and Secretary shall be chosen annually by majority vote of the new committee

during the June committee meeting, unless otherwise specified in the Standing Committee's Charter.

- D. Appointments to Committees shall be for terms consistent with each Committee's Charter. Initial terms of members of new committees shall vary as necessary to allow for staggered terms of committee members.
- E. When mid-term vacancies occur, replacements shall be appointed to serve the balance of the term vacated; however, no member who has been appointed to another Standing Committee during the current term year shall be eligible to serve as a replacement. Time served on an interim appointment greater than one year shall count as a full term and the member would only be eligible to serve one additional full term. Time served on an interim appointment for one year or less shall not count as a full term and the member would be eligible to serve two full terms.
- F. Upon the expiration of his/her full term, a committee member may be reappointed once to the same committee. Upon request and at the Board's discretion, a committee member who has served two full terms may be appointed to continue to serve on the Standing Committee.
- G. Committee members shall serve at the pleasure of the Board and may be removed by the Board for cause or for failure to attend three consecutive scheduled meetings of the committee, unless absences have been excused by the chair.
- H. Elected directors may serve on Board Standing Committees. Household members of elected directors and officers may not serve on Standing Committees.
- I. Standing Committees may appoint sub-committees consisting of their own members or others, as appropriate, provided the purpose of the sub-committee is within the scope of the chartered purpose of the Standing Committee.
- J. With the concurrence of the POA Staff and Board Liaisons, committees may solicit advisors to meet with them regularly or for a specific period of time to adequately address issues pertinent to the committee's charter.
- K. Committee chairs are responsible for submitting annual reports of Standing Committee activity and accomplishments by March 31st of the succeeding year.
- L. Meeting minutes require concurrence on content by the Standing Committee chair and POA staff liaison prior to distribution by POA staff.

Section 5. Role of Liaison Members

- A. Responsibilities of POA Board Liaisons

1. To advise the Standing Committee of POA Board actions and upcoming issues of interest to committee.
2. To ensure the Standing Committee adheres to its charter and advises the committee chair when deviations are detected.
3. To ensure effective committee leadership from year to year, the POA Board Liaison may participate in solicitation of members to fill leadership posts.
4. To conduct election of committee leadership in April of each year.
5. To advise fellow POA Board members of forthcoming recommendations from the Standing Committee and other issues of interest to the Board.
6. Should the POA Board Liaison be unable to make a regularly scheduled Standing Committee meeting, he/she will solicit fellow POA Board members to designate a replacement for the meeting.
7. To recommend any Standing Committee charter amendments to the Governance Committee.

B. Responsibilities of POA Staff Liaisons

1. To communicate staff plans, upcoming topics of interest, and issues for consideration.
2. For Non-Board Committees to jointly develop the meeting agenda with the committee chair and distribute prior to meeting.
3. For Non-Board Committees, to accept recommendations from committee for potential implementation and/or submittal through the CEO to the POA Board for formal approval.
4. To ensure committee adheres to charter and advises committee chair when deviations are detected.
5. To advise the CEO & COO of forthcoming recommendations from committee and other issues of interest to Administration.
6. Should a committee choose to postpone or cancel a regularly scheduled meeting, the POA Staff Liaison will issue a press release to advise the public of the change.

Section 6. Conducting Business

- A. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the conduct of Standing Committees in all cases to which they are applicable and in which they are not inconsistent with any special rules that the POA Board of Directors may adopt.
- B. The chair may vote when such vote will make a difference or determine the result. An abstention is a no vote.
- C. Proxy voting shall not be allowed.
- D. The physical presence of a majority of the committee shall constitute a quorum thereof. A majority of the members of the committee is required to approve committee actions unless another number is specifically required.

ARTICLE XIII

Meeting of Members

Section 1. A meeting of the members shall be held annually as determined by Resolution of the Board of Directors.

Section 2. Special meetings of the members for any purpose may be called at any time by the Chair, Vice Chair, any two or more officers or Directors, or upon written request of one-fourth of the members in good standing.

Section 3. Notice of any meetings shall be given to the members by the Secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association, electronic mail or by other acceptable notification processes. Each member shall register his/her address with the Secretary, and notices of meetings shall be mailed to him/her at such address. Notice of any meetings regular or special shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by ARTICLE VIII or any action governed by the Articles of Incorporation or by the Declaration applicable to The Properties, notice of such meeting shall be given or sent as therein provided.

ARTICLE XIV

Proxies

Section 1. At all corporate meetings of members, except for the election of members of the Board of Directors as set out in Article VIII herein, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary, not later than a time and date to be set by the Board of Directors. Proxies will be limited to motions to be considered at particular meetings.

ARTICLE XV

Books and Papers

Section 1. The Books, records, and papers of the incorporated Association may be inspected by any member for proper purpose at any reasonable time. Notification of records request will be in compliance with Policies, Chapter One, Article 14, Record Availability, Section 3.

ARTICLE XVI

Corporate Seal

Section 1. The Association shall have a seal containing the words: "HOT SPRINGS VILLAGE PROPERTY OWNERS' ASSOCIATION. SEAL. 1970. HOT SPRINGS VILLAGE, ARKANSAS."

ARTICLE XVII

Amendments

Section 1. These Bylaws may be amended at any regular or special meeting of the Board of Directors by a majority vote of the Board, provided that those provisions of these Bylaws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law, and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to The Properties may not be amended except as provided in such Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration applicable to The Properties referred to in Section 1 and these Bylaws, the Declaration shall control.

ARTICLE XVIII

Indemnification By Corporation of Actions by Board of Directors, Officers, Committees, and Department Heads

The Board of Directors of this Corporation is authorized to enter into Indemnification Agreements with members of its Board of Directors and officers under terms and conditions which are determined by the Board of Directors to be reasonable and which do not violate Arkansas law as it exists now or as it may be amended from time to time. In the event such an agreement is approved and adopted by the Board of Directors, such Agreement shall be executed by each indemnitee and shall continue to be valid and binding so long as indemnitee shall serve in the indemnified position and until rescinded by the Board of Directors.

ARTICLE XIX

Parliamentary Authority

The rules contained in the current edition of Roberts Rules of Order shall govern in all cases to which they are applicable and in which they are not in conflict with the organization's Bylaws or any special rule of order.

Amended 4-24-85, 2-25-87, 3-13-87, 3-25-87, 3-23-88, 4-27-88, 4-25-90, 7-25-90, 10-18-90, 1-23-91, 5-27-93, 7-28-93, 1-26-94, 12-21-94, 4-26-95, 5-24-95, 10-11-95, 3-27-96, 6-26-96, 8-28-96, 9-25-96, 12-18-96, 3-26-97, 8-27-97, 9-24-97, 5-27-98, 10-18-98, 12-16-98, 2-10-99, 2-24-99, 3-24-99, 4-28-99, 7-28-99, 11-17-99, 3-15-00, 7-19-00, 12-20-00, 6-20-01, 2-20-02, 4-17-02, 9-17-03, 12-17-03, 5-19-04, 6-15-05, 1-18-06, 10-18-06, 12-20-06, 5-16-07, 10-17-07, 1-16-08, 3-19-08, 4-15-09, 2-16-11, 8-17-11, 9-21-11, 11-16-11, 4-18-12, 2-20-13, 6-19-13, 8-21-13, 3-19-14, 10-15-14, 03-18-15, 03-16-16, 03-15-17, 12-20-17, 01-17-18, 03-20-19, 07-17-19, 10-16-19, 01-15-20