

Declaration of Covenants, Conditions and Restrictions
for
Spring Ridge
a residential subdivision in Benton County, Arkansas

THESE Covenants, Conditions and Restrictions made this 17 day of November, 2004 by Spring Ridge, LLC, Inc., an Arkansas Limited Liability Company, referred to herein as "Developer", and by Spring Ridge Property Owner's Association, Inc., referred to herein as "The Association" or "The POA" concerning the residential subdivision known as Spring Ridge, referred to herein as "The Subdivision".

WHEREAS, the Developer desires that the entire subdivision constitute a single residential community, with rights and obligations toward the ownership and maintenance of common areas at or near the entries to the subdivision, common park area, as well as the signs identifying the subdivision; and

WHEREAS, the Developer is the owner of all lots in Spring ridge Subdivision located in Benton County, Arkansas as reflected upon a plat of said subdivision, filed in Plat Book 2004 at page 335 of the Plat of Records of Benton County, Arkansas, being more fully described as follows:

Subdivision Description:

PART OF THE SW/4 OF THE NE/4 AND PART OF THE SE/4 OF THE NE/4 OF SECTION 13, TOWNSHIP 18 NORTH, RANGE 31 WEST, BENTON COUNTY, ARKANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NW CORNER OF THE SE/4 OF THE NE/4, THENCE S 87°40'56" E 1299.30 FEET TO THE WESTERLY RIGHT-OF-WAY OF DRAKE ROAD, THENCE ALONG WESTERLY RIGHT-OF-WAY S06°01'13"W 212.91 FEET, THENCE S02°47'38"W 603.70 FEET, THENCE S01°45'20W 372.68 FEET, THENCE S05°05'19"E 100.71 FEET TO THE NW CORNER OF DRAKE AND MILLER ROAD, THENCE ALONG THE NORTH RIGHT-OF-WAY OF MILLER ROAD N87°36'13"W 836.41 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N02°23'47"E 183.82 FEET, THENCE N87°36'13"W 208.71 FEET, THENCE S02°23'47" 183.71 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY OF MILLER ROAD, THENCE ALONG SAID RIGHT-OF-WAY N87°33'33"W 676.61 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N 44°57'31"W 626.23 FEET, THENCE S74°09'31"W 68.87 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF STATE HWY 112, THENCE ALONG SAID RIGHT-OF-WAY N15°50'29"W 96.41 FEET, THENCE ALONG A CURVE TO THE LEFT 238.40 FEET WITH A RADIUS OF 518.75 FEET AN INTERIOR ANGLE OF 26°19'54" AND A CORD BEARING AND DISTANCE OF N29°00'26"W 236.31 FEET, THENCE N42°10'23"W 321.24 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N02°35'32"E 357.90 FEET, THENCE S87°45'24"E 1326.36 FEET TO THE POINT OF BEGINNING CONTAINING MORE OR LESS 69.42 ACRES, SUBJECT TO ANY AND ALL EASEMENTS OF RECORD OR FACT.

and

WHEREAS, the Developer is in the process of developing and platting the aforesaid real property into a residential community, and contemplates subdividing such property into individual, quality, single family residential lots, and, in addition, contemplates setting aside certain tracts of land for common landscaped areas, for signs identifying the subdivision and other amenities; and

WHEREAS, the total development of the subdivision residential community will take several years; and

WHEREAS, the Developer and the Association desire to provide for building and use restrictions to promote and insure that the Subdivision is a quality residential community, to protect the property values of all property owners within the Subdivision, to insure that all homes are constructed of quality materials and workmanship, and are compatible with other homes in the Subdivision.

THEREFORE, in consideration of the foregoing, the Developer and the Association hereby subject all of the real property described above, now known as Spring Ridge Subdivision, to the covenants, charges, assessments, conditions and restrictions set forth in this Declaration.

I. GOVERNING BODIES:

A. **GENERALLY.** This Declaration shall be implemented by the Board of Directors of the POA ("Board of Directors" or "the Board") and the POA's Architectural Control Committee and Violations Committee, as established herein.

B. **POA BOARD OF DIRECTORS.** The Board of Directors of the POA shall consist initially of three (3) directors, which shall be designated representatives of the Developer. After 20 lots are sold, they may elect one of them to resign. The remaining directors shall thereafter appoint a successor, which shall be a property owner, to fill the remainder of the resigning director's term. The two remaining initial directors shall serve two (2) year terms. In the event of the death or resignation of any initial director prior to the expiration of his or her term, the vacancy shall be filled by an appointment of the remaining directors. After the expiration of the terms of the initial directors, elections shall be held to fill each of the three (3) seats, which shall have staggered terms of three (3), four (4) and five (5) years, respectively. Upon the expiration of each term of these initially elected directors, elections shall be held to fill the expired position, which shall thereafter be for a term of five (5) years. These subsequent directors shall be residents of the Subdivision. These elections will be held at called meetings upon giving ten (10) days' written notice to all lot owners, who may cast one vote for each platted lot owned. The Board of Directors of the Association shall have the sole authority to appoint members to the Architectural Control Committee, as provided for herein. Additionally, the Board of Directors of the Association shall have the power to enforce this Declaration and to review all violations of this Declaration for proper action.

C. **ARCHITECTURAL CONTROL COMMITTEE.**

1. **PURPOSE AND COMPOSITION.** To insure that all dwellings and accessory buildings constructed in the Subdivision have good quality materials and workmanship and are compatible with other dwellings and accessory buildings constructed or to be constructed in the Subdivision, there is hereby established an Architectural Control Committee (hereinafter referred to as "ACC"). Upon its initial formation, the ACC shall be composed of three (3) members, to be appointed by the Developer, whose terms shall be for two (2) years, commencing upon the date of the execution of this Declaration. Thereafter, the members of the ACC shall be appointed by the Board of Directors of the POA. Members, other than those initially appointed by the Developer, shall serve three (3) year terms. No absentee owner, other than the Developer's appointed representative, may serve on the ACC. In the event of the death or resignation of any member prior to the expiration of his term, the Board of Directors of the POA shall appoint a successor to complete the term of the deceased or resigning member.

2. **AUTHORITY AND DUTIES.**

- a. Any property owner seeking to construct a new home or other pertinent structure, or to add or to modify any portion of the exterior of an existing home, shall submit the plans and written specifications to the ACC for review. The written plans and specifications for the home exterior shall include, but shall not be limited to, decks, hot tubs, patios, pools, additions to or deletions of planted or landscaped areas, equipment and material storage buildings, accessory buildings, dog runs, gazebos, arbors, roofing material, exterior lighting, exterior building materials, and other similar construction, as well as the builder(s) which the property owner intends to use to erect the same. In addition, methods to prevent erosion and sediment loss from the site must comply with all current storm water regulations by the Arkansas Department of Environmental Quality and is the responsibility of the lot owner.
- b. No construction, change, modification or alteration shall commence until the plans and specifications detailing the nature, kind, shape, height, construction materials,

and location of the improvements on the lot, and a landscaping plan for the lot, shall have been submitted to, and approved in writing by, the ACC. In the event the ACC fails to approve or disapprove said plans and specifications within thirty (30) days after written confirmation by the ACC that sufficiently complete plans and specifications have been submitted to it, approval will not be required and full compliance with this section of the Declaration will be deemed to have occurred. It shall be the responsibility of the lot owner to obtain the written confirmation that sufficiently complete plans and specifications have been submitted.

- c. Without limiting the factors to be considered in the approval or disapproval of any plans and specifications submitted to it, the ACC shall apply the building restrictions set forth below under Sections II and III of this Declaration.
- d. Notwithstanding the foregoing provisions, the ACC and the Association shall have no affirmative obligation to be certain that all elements of the design comply with the restrictions contained in this Declaration, and no member of the ACC or the Association and its Board of Directors shall have any liability, responsibility or obligation whatsoever for any action or decision, or lack thereof. The ACC and its members shall have only advisory and approval functions; the sole responsibility for compliance with all of the terms of this declaration shall rest with the lot owner. Each lot owner agrees to save, defend, and hold harmless the ACC and the Association and its members on account of any activities of the ACC relating to such lot owner's property or buildings to be constructed.
- e. Only building contractors who have been approved by the ACC in conjunction with plans submitted to it by a property owner shall be allowed to construct any improvements within the Subdivision. A clean-up deposit of \$500.00 shall be required. Additionally, the ACC may require the building contractor to secure an appropriate letter of credit prior to commencing construction. Any building contractor participating in any fashion on any job in the subdivision impliedly consents to the authority of the ACC to set forth additional requirements or restrictions as may be deemed appropriate.

3. **ARBITRATION OF DISPUTES.**

- a. In the event of a dispute between a lot owner and the ACC involving a disapproval of planned construction or any other aspect of the ACC's function, the lot owner shall make a written demand upon the ACC for arbitration and shall in such written demand designate an architect licensed in the State of Arkansas to serve as an arbiter. Upon receipt of a written demand for arbitration and the name of the architect designated by the lot owner, the ACC may vote to submit the dispute to the architect designated by the lot owner as the sole arbiter, or the ACC may, within fifteen (15) days from the date of such written demand, give written notice to the lot owner of the name of a licensed architect to serve as an arbiter, and the two architects so selected shall then agree on a third person, whether an architect or not, and the three persons so appointed shall then proceed to consider the written position or statement of the lot owner and ACC, conduct such study or investigation as the committee of arbiters deem appropriate and render a written decision, signed by at least two of the arbiters, which written decision shall be final and binding on the ACC and the lot owner.
- b. It is specifically intended that the provisions within this section for arbitration of disputes shall replace litigation as the method for resolving disputes under this Declaration. Any fees or costs incurred by a lot owner for the services of an architect shall be at the lot owner's expense, as well as one-half (1/2) of any fees or expenses charged by the third arbiter, and no award of fees or expenses shall be

made by the arbiters. Any expenses incurred by the ACC in regard to arbitration or enforcement of arbitration decisions shall be paid by the POA, and if the Association does not have adequate funds for such payment, these expenses shall be shared equally by the owners of each lot in the subdivision (with the exception of the lot owner involved in the arbitration) in the form of a special assessment by the POA.

4. **VIOLATIONS AND ENFORCEMENT.** In the event the ACC determines, by its own investigation or upon complaint by a lot owner that any lot owner has violated the Architectural Control Provisions of this Declaration, or any other provision of this Declaration, the ACC shall have the right to serve a written demand for arbitration designating a licensed architect as an arbiter in the case of a violation of the Architectural Control Provisions of this Declaration, or designating any third party as the arbiter for any other violation. A lot owner receiving such written demand from the ACC shall, within fifteen (15) days from the receipt of such written demand, respond in writing accepting the designated arbiter as the sole arbiter, or designating in writing a second arbiter, and in such event, the two arbiters shall agree upon a third, and the arbitration committee shall proceed as set forth above to render a written decision. Any decision of a sole arbiter or committee of arbiters shall be binding on all lot owners within the subdivision, and in the event the decision requires actions be taken by a lot owner, the lot owner shall comply with such requirement within thirty (30) days or within the time specified in the written decision of the arbiters, whichever time period is longer. Should the lot owner fail to comply within the applicable time period, any lot owner, the ACC, or the POA, shall have the right to bring an action in a court of competent jurisdiction to enforce the arbitration decision and shall be entitled to recover a judgment against such lot owner for all costs and expenses incurred in the enforcement of such arbitration decision.
5. **EROSION CONTROL.** The building Contractor shall be solely responsible for complying with all state and federal regulations pertaining to the authorization to discharge under the National Pollution Discharge Elimination System and Arkansas Water and Air Pollution Control.

II. BUILDING AND USE RESTRICTIONS:

- A. **BUILDING SITE.** A "building site" shall consist of one or more numbered lots as shown on the Final Plat or any modifications or adjustments thereto. No individual lot may be split to create two or more lots. The developer of the subdivision or the POA is allowed to construct structures on Common Property such as maintenance facilities, signs, or landscaping elements.
- B. **USE OF BUILDING SITE.** No building or structure shall be erected, constructed, maintained, or permitted on such residential lots, except on a "building site" as defined above.
- C. **BUILDING USE.** No building, except a single-family residential building, with approved guest accommodations, caretaker and household servant's quarters, together with detached garage and/or such other accessory buildings as may be permitted by local land use or ordinances, and as may be approved by ACC, shall be permitted. Such accessory buildings shall not be used for or in connection with multi-family living, and each building site shall be used for no more than one family, together with attendants or domestic servants of that family. All such buildings shall conform to all Benton County ordinances as may apply. Additionally, no easements for ingress, egress, utilities or for any other use may be placed on any lot for the purpose of gaining access or providing utilities to any property outside of the subdivision.
- D. **BUILDING TYPE.**
 1. No residence shall be constructed that is less than two thousand five hundred (2,500) square feet of heated area, exclusive of carports, garages, porches, basements, storage rooms or

other unheated spaces. Of the total heated area, at least two thousand (2,000) square feet of heated area must be on the ground floor.

2. A minimum of one (1) two-car garage, measuring at least twenty-four feet by twenty-four feet (24' X 24') will be required for each dwelling and must be kept and maintained as part of the house. Detached garages shall require ACC approval, and shall be constructed in the same architectural style and materials as the main residence. All garages shall be side or rear "loaded" in that the garage door must not be seen from the street, except in the case of a corner lot, but must be approved by the ACC.
 3. All driveways shall be constructed of concrete, stone or brick. No gravel, asphalt or dirt driveways shall be permitted. There shall be no driveways directly accessing Miller Road or Drake Road.
 4. Revisions to approved architectural plans are discouraged; however, any revision to any previously approved plan should be for upgrade purposes only. All revisions must be submitted to the ACC as set forth herein prior to commencing construction.
 5. Any limitations in this Declaration to the contrary notwithstanding, until houses have been constructed on all lots in the subdivision, the Developer shall be entitled to use any lot owned by Developer for construction of model homes, sales offices, construction sheds or for storage of materials.
- E. **BUILDING MATERIALS.** The exterior walls of each building constructed or placed on any lot shall be ninety percent (90%) masonry material, which shall include brick, stone, stucco, or other similar masonry material, unless specifically approved by the ACC. This restriction shall not apply to the eaves or fascia of any such building, or other Architectural accents. All exterior colors of any material must be compatible and approved by the ACC. There shall be no Masonite, T111, vinyl or other similar product used as siding.
- F. **ROOFS.** All roofing material shall be approved by the ACC prior to the installation of such materials. Such materials shall be limited to 40-year architectural shingles, cedar shakes, cedar shingles, slate or tile. No metal roofs shall be permitted. The roof pitch of any structure shall be an eight foot rise over a twelve foot run (8' x 12') minimum. Back porches can be less slope as approved by the ACC.
- G. **YARD SPACE RESTRICTIONS AND BUILDING LOCATION.** All set back distances shall be in accordance with the recorded Final Plat for the subdivision. No lot shall be subdivided into smaller lots or parcels than shown on the recorded Plat for the purpose of creating additional building sites or lots, except that a lot may be divided to combine portions of it with adjacent lots on both sides to enlarge the building sites on said adjacent lots.
- H. **EASEMENTS.** Easements for installation and maintenance of utilities and drainage facilities are reserved on each lot as reflected on the recorded plat. Within these easements, no structure, planting or other material (except driveways across any lot) shall be placed or permitted to remain which may interfere with the operation, installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easement, or which may obstruct or retard the flow of water toward or through drainage in the easement. Driveways permitted within the easement shall be constructed so as not to prevent any flow of water or change the flow in the area of each lot and all improvements in the easement shall be maintained continuously by the owners of the lot, except for those improvements for which a public authority, POA, or utility company is responsible.
- I. **EXTERIOR MECHANICAL DEVICES.** Air condition units, heat pumps, solar devices, chimney flues, hot tub pumps, swimming pool pumps and filtration systems, satellite dishes, and similar mechanical equipment shall be aesthetically concealed from view on all sides and shall be shielded in such a manner as to minimize noise and safety concerns. All such devices shall be located in the rear yard area only.

- J. **YARDS AND LANDSCAPING REQUIREMENTS.** All plans and specifications for new constructions shall include landscaping around all above-ground utilities that are in the front yards i.e. electrical boxes, telephone pedestals, or gas meters. All landscaping shall be completed within ninety (90) days of completion of construction or occupancy, whichever occurs first. The refund of any clean up deposit secured from any approved building contractor will not be returned unless the conditions of this paragraph have been completed, in addition to any further clean up which may be necessary. All toys, newspapers, etc. must be kept picked up so as not to accumulate in an unsightly manner in view of any street. Front yard grass is to be kept mowed so as to never be above six inches (6").
- K. **FENCING.** Fencing of front yards is prohibited. Any fence located on any lot must be approved by the ACC as to material, location, height and quality prior to the commencement of construction, provided that no chain link fences shall be permitted. No fence shall have a height in excess of six (6) feet. Wood fences shall be of "shadow box" construction so that the exterior and interior portions are identical. The front line of any fence shall not exceed the front elevation of the residence around which it is placed. Any necessary alteration to fences to maintain utilities will be done at the owner's expense. Dog pens, properly screened as required by the ACC, must be in rear yard portions and kept so as not to be a nuisance or obnoxious to any adjoining lot owner.
- L. **MAILBOXES.** All mailboxes shall be constructed either of cast metal or masonry material and must be approved by the ACC as to design and location. Additionally, all mailboxes must be of a type approved by the United States Postal Service, and shall be kept in a good state of repair at all times.
- M. **ACCESSORY BUILDINGS.** All outbuildings, guesthouses, servant quarters and accessory buildings shall be approved by the ACC, and shall be placed behind the back line of the house. No wall or roofline of any such building shall exceed the lines that run from either side of the residence to the back lot line. All such buildings shall be constructed of similar style and materials as that of the main residence.

III. **ADDITIONAL BUILDING USE AND GENERAL RESTRICTIONS:**

- A. **OFFENSIVE ACTIVITIES.** No noxious or offensive activity shall be carried on or permitted upon any lot or on any street adjacent thereto, nor shall anything be done thereon which may be or may become an annoyance or nuisance to adjacent lot owners or to the Subdivision. Any lot owner violating this paragraph shall be required to indemnify and hold harmless the ACC or the POA for any expense it incurs in alleviating the noxious or offensive activity, annoyance or nuisance.
- B. **OIL AND MINING OPERATIONS.** No oil drilling, oil development operations, oil refining, quarrying, or mining operation of any kind whatsoever shall be permitted upon, about, or in any lot, nor shall any oil well, tank tunnels, mineral excavations or shafts be permitted upon or in any lot, except that one (1) storm shelter may be constructed with proper ACC approval.
- C. **SIGNAGE.** No signage shall be permitted on any lot or on any house after it is initially sold unless approved otherwise by the ACC. However, that one "For Sale" sign may be placed in the front of the property within ten (10) feet of the curb, and such sign shall be no larger than five (5) square feet, and no more than three (3) feet high. Any such "For Sale" sign must be removed within ten (10) days of the date of the sale of the property. However, the Developer hereby reserves the right to erect construction site signs, lot signs, and signs to designate the name of the addition and the advertisement thereof, without regard to the above restriction. The Developer or the ACC reserves the right to remove any sign which it deems to be obnoxious or non-compliant or unsightly due to shape, color, size, etc. Further, the Developer reserves the right to display within the subdivision for a period of five (5) years after the adoption of this Declaration signs advertising the availability of lots for sale by the Developer, which shall not be subject to the size restriction set forth in this paragraph. Contractors may display only one contractor's sign and a building permit. No other advertising signs shall be permitted.
- D. **SIGHT DISTANCES AT INTERSECTIONS.** No obstructions, including landscaping, shall be

permitted at or near intersections of streets within the subdivision which block or obstruct a reasonable sight distance for vehicular and pedestrian traffic within the subdivision.

- E. **CURBS AND STREETS.** All street cuts are specifically prohibited unless the Developer grants a waiver. No curb cut for driveways shall be closer than five (5) feet to the side property line. All curbs are to be neatly blended into driveway radius.
- F. **PARKING.** All residences must have off-street parking only, and shall not be permitted to park off of designated driveways or parking pads. The ACC shall have the right to have vehicles in violation of this provision towed at the owner's expense. Recreational vehicles, boats, trailers, campers, and the like, shall be stored, placed or parked in such a manner so as not to be visible from a street, or adjoining lot. No recreational vehicles and or equipment may be parked in the side or front yard of a residence for a period exceeding two (2) days. Automobiles, trucks, or other vehicles or machines shall not be repaired, overhauled, serviced or otherwise worked on in the street, driveway, or yard.
- G. **LOT AND GROUND MAINTENANCE.** No lot or easement shall be used or maintained as a dumping ground. Rubbish, leaves, grass, trash, garbage and/or other wastes shall be kept in non-corrosive/non-breakable trash containers. All equipment for the storage and/or disposal of such rubbish, trash, garbage or other wastes shall be kept in a clean and sanitary condition. No garbage or trash containers are to be kept in view of the street unless it is to be picked up within 24 hours.
- H. **ANIMALS.** No animals, livestock, swine or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other domestic pets may be kept and maintained, provided that they are not kept or maintained for commercial purposes, and provided that they are registered with the county, if required. Household pets shall be maintained in a clean and sanitary condition and shall not be obnoxious or a nuisance to the surrounding owners. Any owners with pets are required to provide containment or backyard fencing in accordance with the ACC specified acceptable fence requirements. Pet owners shall be liable for all damages caused by their pets.
- I. **TEMPORARY INHABITANTS.** The inhabiting of any structure or vehicle such as a boat, trailer, basement, tent, shack, garage, barn, camper, mobile home or other outbuilding shall not be permitted on any residential lot, whether temporarily or permanently.
- J. **PLAY EQUIPMENT AND BASKETBALL GOALS.** No playground equipment, swing sets, trampolines, swimming pools, picnic table or similar equipment is allowed in the front yard of any said lots. No basketball goals or courts may be erected or constructed on the front of any house unless approved by the ACC.
- K. **CLOTHING LINES.** No outdoor clotheslines shall be permitted.
- L. **LOT FRONT DEFINITION.** Lots that border on more than one street shall be defined to be "fronting" onto the street in accordance with the following schedule:
- Lot 6 - fronts onto Hickory Court
 - Lot 7 - fronts onto Hickory Court
 - Lot 8 - fronts onto Hickory Court
 - Lot 9 - fronts onto Hickory Court
 - Lot 10 - fronts onto Crest Lane
 - Lot 11 - fronts onto Crest Lane
 - Lot 19 - fronts onto Crest Lane
 - Lot 23 - fronts onto Tall Oaks
 - Lot 32 - fronts onto Willowwood Court
 - Lot 35 - fronts onto Willowwood Court
 - Lot 49 - fronts onto Morning Spring

IV. COMMON SPACE AND AMENITIES:

- A. **CONVEYANCE OF COMMON SPACE.** Upon the filing of the final Subdivision plat, the mentioned common tracts located in the Subdivision shall be conveyed to and accepted by the Association.
- B. **MAINTENANCE OF COMMON PROPERTY.** Maintenance of the common property and landscaping and signage thereon shall be at the cost and expense of the members of the Association (lot owners) within the subdivision. All of such costs, including, but not limited to, maintenance expenses, insurance, and real property taxes, shall be borne by the lot owners based on the ratio of their lots to the total number of lots that have been created by the filing of the final subdivision plat and any amendments thereto.

V. GENERAL AND SPECIAL ASSESSMENTS FOR ASSOCIATION:

- A. **PAYMENT OF ASSOCIATION DUES AND ASSESSMENTS.** By acceptance of the deed or other instrument of conveyance for his or her lot within the subdivision, each lot owner shall be deemed to covenant and agree to pay to the Association annual assessments and special assessments for operating expenses incurred by the Association and for maintenance and care of the common properties. In no event shall an assessment fee be applicable at anytime to any lot owned by the Developer. Such assessments shall be fixed, established, and collected from time to time as provided in this Declaration. The annual and special assessments, together with such interest thereon and costs of collection as provided below, shall be a continuing lien on the property affected and shall also be a personal obligation of the owner of such property from the date when the assessment is due and payable until paid in full. Such personal obligation shall not pass to successors in title to the affected property unless expressly assumed by such successors. Unless changed by a majority vote of all lot owners, the annual assessment for any lot in the Subdivision shall be that amount last approved by the Board on the question of annual assessment. The initial annual assessment fee shall be \$200.00. The fee is due and payable to the Association on the first day of January each year, with the first such assessment being prorated and paid at closing according to time of conveyance of a lot. On vote of the Board of Directors of the Association in the manner set forth in the Articles of Incorporation and By-Laws of the Association, the Association may levy, in addition to annual assessments, a special assessment or assessments from time to time for the purpose of defraying, in whole or in part, the cost of reconstruction, repair, or replacement of the landscaping and signage on the common properties in the Subdivision, as well as any common amenity owned by the Association, including fixtures and appurtenances related thereto. The Board of Directors of the Association must approve any special assessments or change in annual assessments.
- B. **NOTICE OF ASSESSMENT.** It shall be the duty of the Association to notify all owners or contract purchasers of lots within the Subdivision, whose addresses shall be supplied by the owner or contract purchaser to the Association, by sending written notice to each of such owners within fifteen (15) days after the date on which the assessment has been fixed or levied, giving the amount of the charge or assessment for the current year, when the same shall be due, and the amount due for each lot. Failure of the Association to levy an assessment or charge for any one year shall not affect the right of the Association to issue and collect assessments in future years. Failure to deliver or levy an assessment due to lack of an address for the owner of any particular lot within the Subdivision or for any other reason, shall not discharge the obligation or of any such owner from paying such assessment, and it shall be the obligation of any such owner to notify the Association of such owner's current address.
- C. **FAILURE TO PAY.** Any general or special assessment levied as set forth in this Declaration shall become a lien on the affected real estate as soon as such assessment is due and payable as set forth above. In the event any owner fails to pay the assessment when due, then the assessment shall bear interest at the maximum legal rate permitted by the State of Arkansas on the date when such assessment is due and shall continue to accrue at that rate, until it is paid in full. Forty-five (45) days after the date of any such assessment has been fixed and levied, the assessment, if not paid, shall become delinquent and the payment of both principal and interest may be enforced as in the case of

a laborer's lien on the affected real estate, and a notice of such lien may be filed with the Circuit Clerk of Benton County, Arkansas, and venue shall be laid in the Chancery Court of Benton County, Arkansas. It shall be the duty of the Board of Directors of the Association, as provided below, to bring actions to enforce such liens before they expire. For each certificate so filed, or for any lien so filed, the Association shall be entitled to collect from the owner or owners of the property described in such certificate or lien a fee of \$50.00, and shall be collectible in the same manner as the original assessment provided for in this Declaration. Any such lien shall continue for a period of five (5) years from the date of delinquency and no longer, unless within such time period legal proceedings shall be instituted to collect such assessments, in which event, the lien shall continue until the termination of the execution of the judgment establishing the same. In the event legal proceedings are commenced to collect any such assessment, or if the services of any attorney are retained by the Association in connection therewith, the non-paying owner or owners shall be obligated to pay all costs incurred, plus reasonable attorney fees, which costs and fees shall become a portion of the lien and may be foreclosed on in the same manner as the assessment as provided above.

D. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, enjoyment, and welfare of the residents of the Subdivision, and, in particular, for the improvement and maintenance of property, service, and facilities devoted to the above-state purpose and related to the use and enjoyment of the common properties and of the homes situated in the Subdivision. Without limiting the generality of the foregoing statement of purpose, such assessments shall be applied by the Association to the payment of the costs of the following:

1. To enforce any and all building and land-use restrictions that exist as of the date of this Declaration or which may be lawfully imposed hereafter on or against any of the property in the Subdivision.
2. To maintain the common property and amenities and improvements thereon as provided in this Declaration.
3. To pay expenses to carry out the above, such as attorney's fees, manager's fees, expenses of liability, fire, and other insurance, bookkeeping and accounting expenses, and any and all other expenses that may from time to time be deemed necessary to carry out the intent of this Declaration by the Association.
4. To protect property values in the Subdivision by promoting pride in and enthusiasm for it; to work for improved transportation, schools, libraries, and recreation facilities within the community in which the Subdivision is located, and to do all lawful things and tasks that the Association, in its discretion may deem to be in the best interests of the Subdivision and the owners of the lots in the Subdivision.

VI. MISCELLANEOUS AND GENERAL PROVISIONS:

A. MEMBERSHIP IN THE PROPERTY OWNERS ASSOCIATION. Each owner, by purchasing any lot in the Subdivision, shall automatically become a member of the Association and shall be bound by the terms and conditions of this Declaration, the Articles and By-Laws of the Association, and such rules and regulations as may be promulgated and adopted by the Association under such Articles and By-Laws. An owner of a lot, by contracting to sell his lot on an installment basis, shall be deemed to have transferred his membership to the contract purchaser upon execution of the contract for sale. When an owner sells his lot by traditional offer and acceptance providing for a closing of the sale to occur at which time the purchaser will pay the purchase price to the seller or deliver to the seller a promissory note for the purchase price in exchange for a conveyance by deed of the property, the transfer of membership shall be deemed to occur upon delivery of the deed. For purposes of this Declaration, the term "owner" shall be deemed to include the purchase under an installment contract, regardless of the purchaser under an installment contract, regardless of whether a deed has been executed to be held in escrow or whether the deed will be executed and delivered upon payment in full

of the installment payments. Multiple owners of a single lot, either as joint tenants, tenants in common, or tenants by the entirety, shall collectively constitute one member of the Association and shall of purposes of voting at meetings of the Association or on issues submitted to the members, cast one vote collectively for each lot owned, except that the Developer shall have four (4) votes per lot until the Developer has conveyed all lots to owners.

- B. **TERMINATION OF MEMBERSHIP.** On transfer, conveyance, or sale by any owner of all or his or her or its interest in any Subdivision lot, such owner's membership in the Association shall thereon cease and terminate.
- C. **VOTING PROCEDURES.** Except as provided in this Declaration, the Association shall be the sole judge of the qualifications of its membership and of the right to participate in and vote at its meetings, and shall have the right to prescribe the procedure to be followed concerning all such meetings and votes.
- D. **ADDRESS.** The official address of the Association is to be provided to all members by the Board of Directors of the Association, and shall remain so until changed by a majority vote of the Board of Directors of the Association, at which time the Association shall notify each member thereof of the change in address.
- E. **NOTIFICATION OF PURCHASE.** Each lot owner or contract purchaser, upon purchase of such lot or upon contracting for the purchase of such lot, shall immediately notify the Association of such owner's or purchaser's name and address. Failure to provide the Association with a name and proper mailing address shall constitute a waiver of any notice otherwise required hereunder.
- F. **MODIFICATION OF POWERS.** By a vote of a majority of the owners of all the lots within the Subdivision, the Association may be given such additional powers and duties as may be deemed necessary and reasonable, and by such vote.
- G. **ADHERENCE TO LOCAL, STATE, AND FEDERAL LAW.** The Association shall, at all times, observe all of the laws, regulations, ordinances, and the like of all governmental authorities recognized in the County of Benton, State of Arkansas, and of the United States of America, and if, at any time, any of the provisions of this Declaration shall be found to be in conflict with such laws, regulations, ordinances, and the like shall become null and void, but no other part of this Declaration not in conflict therewith shall be affected thereby.
- H. **OUTSIDE AGENTS.** Subject to the limitations set forth in this Declaration, Association shall have the right to make such reasonable rules and regulations and to provide such means and to employ such agents as will enable it adequately and properly to carry out the provisions of this Declaration.
- I. **TERMINATION.** This Declaration may be terminated, and all of the real property now or hereafter affected may be released from all or any part of the terms and conditions of this Declaration, by the owners of seventy-five percent (75%) of the properties subject hereto at any time it is proposed to terminate this Declaration, by executing and acknowledging an appropriate written agreement or agreements for that purpose, and filing the same with the office of the Circuit Clerk of Benton County, Arkansas.
- J. **BINDING NATURE OF COVENANTS.** All of the provisions of this Declaration shall be deemed to be covenants running with the land, and shall be binding on and inure to the benefit of the owners of the properties, their heirs, successors, shall be taken to hold, agree, and covenant with such owners, observe all of the terms and conditions contained in this Declaration.
- K. **AMENDMENT OF COVENANTS.** This Declaration may be amended at any time with the written approval of the owners representing not less than seventy-five (75%) percent of the votes within the subdivision. No amendment shall be allowed which would be in violation of the Benton County Standards and Regulations for the Development of Subdivision of land in effect at the time of the

amendment. This Declaration cannot be amended without written consent from the Developer within the first five (5) years after filing.

VII. ENFORCEMENT OF COVENANTS AND RESTRICTIONS:

- A. **PROVIDING NOTICE OF VIOLATION.** Any property owner within the subdivision may enforce this Declaration by serving written notice of an alleged violation on the offending or violating property owner. If, within ten (10) days after delivery of a written notice, the violation has not been corrected or the property owner receiving such notice has not delivered written assurances to the complaining property owner that the violation will be corrected without unreasonable delay under the circumstances, the aggrieved property owner shall have the right to serve a written notice on the property owner in violation or alleged to be in violation of a demand for arbitration designating the name of an arbiter.
- B. **RECEIVING NOTICE OF VIOLATION.** The party receiving such written demand for arbitration shall act within ten (10) days from the date of such receipt to accept the designated arbiter as the sole arbiter, or to designate in writing a second arbiter. If a second arbiter is designated, the two arbiters so selected shall then agree on a third and the arbitration committee or the sole arbiter shall then proceed to receive written statements from both parties, and shall render a written decision. By purchase of a lot in Spring Ridge Subdivision subject to this Declaration, each lot owner agrees that the decision of the arbiter or committee of arbiters shall be final and binding. Each party to this arbitration shall bear the cost or expenses of the arbiter they have appointed and shall share equally the cost of the third arbiter. If a sole arbiter is accepted, the party appointing the arbiter shall bear the arbiter's cost and expenses.
- C. **FAILURE TO COMPLY.** If a lot owner fails to comply with the written decision of an arbiter or arbitration committee within thirty (30) days or within the time specified in the written decision by the arbiters, any lot owner shall have the right to enforce the written arbitration decision in a court of competent jurisdiction, and shall be entitled to recover all costs and expenses incurred in connection with such enforcement.
- D. **PURPOSE OF ARBITRATION.** This provision for arbitration of disputes, as well as the provision for arbitration of ACC disputes, is intended to promote a prompt, efficient and economical resolution of disputes arising within the subdivision and to prevent the delays and expense normally associated with litigation of such disputes. It is the sincere belief of the Developer that these arbitration provisions will be beneficial and will promote goodwill within the subdivision, and the owner strongly urges each lot owner to carefully consider any matter before demanding arbitration. No court litigation may be commenced with regard to disputes arising under this Declaration, except to enforce an arbitration decision.
- E. **FAILURE TO RESPOND.** Should an individual lot owner fail to respond to a written demand for arbitration within the time limit specified herein, the party demanding arbitration may petition a court of competent jurisdiction in Benton County, Arkansas for the appointment of the remaining two members of the arbitration committee, with the cost of such action to be at the expense of the party who has failed to respond without good cause as determined by the court. In the event the two arbiters designated by the parties to a dispute cannot agree upon a third arbiter within a reasonable amount of time, either party to the dispute may petition a court of competent jurisdiction in Benton County, Arkansas to appoint a third arbiter, and the cost of such legal proceeding shall be borne equally by the parties to the dispute.
- F. **FAILURE TO ENFORCE.** The failure of the Developer, the POA, the ACC, or any lot owner to enforce any provision of this Declaration, or to fail to take action on any purported violation hereof, shall not constitute a waiver of the right to do so, and the Developer, the POA and the ACC shall incur no liability whatsoever for such failure.

2005 65259
Recorded in the Above
Deed Book & Page
12-01-2005 12:46:28 PM
Brenda DeShields-Circuit Clerk
Benton County, AR

BY-LAWS OF
SPRING RIDGE PROPERTY OWNER'S ASSOCIATION, INC.

(An Arkansas Non-Profit Corporation)

Book/Pg: 2005/65259
Term/Cashier: CIRCLK01 / dper
Tran: 3633.109305.302556
Recorded: 12-01-2005 12:46:41
DFE Deed
REC Recordins Fee
Total Fees: \$ 50.00

50.00
0.00

ARTICLE I

REGISTERED OFFICE

1.1. Spring Ridge Property Owner's Association, Inc., an Arkansas Non-Profit Corporation (the "Association", shall have all times within the State of Arkansas a registered office and a registered agent. The Association may have other offices within the State of Arkansas as may be determined from time to time by its Board of Directors (the "Board").

ARTICLE II

ADOPTION OF DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AS PART OF BYLAWS

2.1. Adoption by reference. The Declaration of Covenants, Conditions, and Restrictions for Spring Ridge Subdivision to Benton County, Arkansas (the "Declaration") as recorded in Record Book 2004 Page 53775 of the Real Estate Records of Benton County, Arkansas, and any amendments thereto hereafter made, if any, are hereby adopted and incorporated as part of these Bylaws by reference as though the same were set out herein word for word.

2.2. Declaration to Control. In the event any provision contained in these Bylaws or any rule or regulation of the Association or any other acts of the Association shall be in conflict with the Declaration, then the Declaration shall control.

ARTICLE III

DEFINITIONS

3.1. The following words, when used in these By-Laws shall have the following meaning:

- a. "The Association" shall mean and refer to Spring Ridge Property Owner's Association, Inc. (an Arkansas non-profit corporation).
- b. "Properties" shall mean and refer to all lots in Spring Ridge subdivision to Benton County, Arkansas.

- c. "Common Properties" shall mean and refer to those real properties owned by or hereafter acquired by the Association. Common properties are intended to be devoted to the common and private use and enjoyment of owners of the properties.
- d. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot subject to these By-Laws, except that such term shall not mean Developer regardless of whether Developer has a fee simple interest in any lot.
- e. "Member" shall mean and refer to all those persons or entities who are members of the Association as provided herein.
- f. "Developer" shall mean and refer to Spring Ridge, LLC.
- g. "By-Laws" shall mean and refer to this document and all declarations and by laws contained herein.
- h. "Declaration" shall mean and refer to The Declaration of Covenants, Conditions, and Restrictions for the lots in Spring Ridge Subdivision as reflected in Record Book 2004 Page 53775 of the Deed Records of Benton County, Arkansas, and any amendments thereto or hereafter made.
- i. "Subdivision" shall mean and refer to Spring Ridge Subdivision to Benton County, Arkansas, as per plat on file in the office of the Circuit Clerk, and Ex-Officio Recorder of Benton County, Arkansas.
- j. "Lot" means any numbered Lot designated on the Plat of the Subdivision, except as may be herein below accepted.
- k. "Plat" means the map of the plat of Spring Ridge Subdivision to Benton County, Arkansas, as it is recorded.
- l. "SRACC" shall mean and refer to Spring Ridge Architectural Control Committee.

ARTICLE IV

PROPERTY SUBJECT TO THESE BY-LAWS

4.1. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to these By-laws, is located and situated in Benton County, Arkansas, and which subdivision is located on the following lands, to-wit:

All Lots, in Spring Ridge Subdivision to Benton County, Arkansas, and which Subdivision is filed in Plat Book 2004 at Page No. 1335 of the Plat Records of Benton County, Arkansas, in the office of the Circuit Clerk and Ex-Officio Recorder of Benton County, Arkansas to-wit:

REPLAT SUBDIVISION DESCRIPTION:

PART OF THE SW/4 OF THE NE/4 AND PART OF THE SE/4 OF THE NE/4 OF SECTION 13, TOWNSHIP 18 NORTH, RANGE 31 WEST, BENTON COUNTY, ARKANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NW CORNER OF THE SE/4 OF THE NE/4, THENCE S 87°40'56" E 1299.30 FEET TO THE WESTERLY RIGHT-OF-WAY OF DRAKE ROAD, THENCE ALONG WESTERLY RIGHT-OF-WAY S06°01'13"W 212.91 FEET, THENCE S02°47'38"W 603.70 FEET, THENCE S01°45'20"W 372.68 FEET, THENCE S05°05'19"E 100.71 FEET TO THE NW CORNER OF DRAKE AND MILLER ROAD, THENCE ALONG THE NORTH RIGHT-OF-WAY OF MILLER ROAD N87°36'13"W 814.93 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N06°27'35"E 177.30 FEET, THENCE N84°18'15"W 197.92 FEET, THENCE S09°42'01" 189.69 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY OF MILLER ROAD, THENCE ALONG SAID RIGHT-OF-WAY N87°33'33"W 697.65 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N 44°57'31"W 626.23 FEET, THENCE S74°09'31"W 68.87 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY OF STATE HWY 112, THENCE ALONG SAID RIGHT-OF-WAY N15°50'29"W 96.41 FEET, THENCE ALONG A CURVE TO THE LEFT 238.40 FEET WITH A RADIUS OF 518.75 FEET AN INTERIOR ANGLE OF 26°19'54" AND A CORD BEARING AND DISTANCE OF N29°00'26"W 236.31 FEET, THENCE N42°10'23"W 321.24 FEET, THENCE LEAVING SAID RIGHT-OF-WAY N02°35'32"E 357.90 FEET, THENCE S87°45'24"E 1326.36 FEET TO THE POINT OF BEGINNING CONTAINING MORE OR LESS 67.20 ACRES, SUBJECT TO ANY AND ALL EASEMENTS OF RECORD OR FACT.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS OF THE ASSOCIATION

5.1. Membership: Every person or entity, including the Developer, their heirs, and assigns, who is a record owner of a fee, or undivided fee, interest in any lot which is located in the Subdivision, shall be a member of the Association. Any person or entity that holds such an interest merely as security for the performance of an obligation shall not be a member.

5.2. Voting Rights: Voting members of the Association shall be entitled to vote in the election of Directors of the Association and for all other purposes. Said voting rights are more specifically set forth below.

Members shall be all those persons or entities as defined in §5.1. Such record owner (or record owners as the case may be) of any lot shall be entitled to one vote for each lot in which said owner or owners hold the interest required for membership. When more than one person

holds such interest or interests in any lot, all such persons shall be members, and the vote for such lot 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 except as hereinafter provided. A photocopy of the latest recorded deed for each lot furnished by the owner shall be conclusive evidence of the right of the record owner or owner shown thereon to cast the vote for such lot as a member of the Association, and such recorded deed shall be filed with the Secretary of the Association prior to any vote. When any lot is owned by more than one person or entity, the first name appearing in the granting clause of said deed shall be the person or entity entitled to cast the vote for the lot described thereon, unless an agreement signed in writing by all record owners is filed with the Secretary designating another record owner of said lot to cast the vote for such lot. Voting rights of any corporate entity shall be case in accordance with a certificate of resolution setting forth such Authority and signed by the Secretary of said corporation to be filed with the Secretary of the Association prior to any vote.

Notwithstanding the forgoing, however, the Developer shall have four (4) votes for each lot that it owns for as long as it owns a lot(s).

5.3. Membership Meetings: The Association members shall annually hold a regular meeting, one of the purposes of which shall be to elect directors. The first regular meeting members may be held, subject to the terms hereof, on any date, at the option of the Board, within one year after the incorporation of the Association. Subsequent to the first meeting, there shall be a regular annual meeting of members held each year within thirty (30) days of the anniversary of the first regular annual meeting. All such meetings of members shall be held at such place in Benton County, Arkansas and at such time as is specified in the written notice of such meeting. Such notice shall be mailed to or otherwise delivered to all members at least fifteen (15) days and not more than forty-five (45) days prior to the date of such meeting. Such notice shall also state the purpose of such meeting.

5.4. Special Meetings: Special Meeting of the members may be called by the President or by a Majority of the directors, or by fifty (50%) of the members. Special meetings shall be called by delivering written notice to all members not less than ten (10) days nor more than thirty (30) days prior to the date of said meeting, stating the date, time, place and purposes of the special meeting.

5.5. Waiver of Notice: Waiver of notice of any meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed a waiver by such member of notice at the time, date, and place thereof unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall be deemed a waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

5.6. Quorum: A quorum of members for any meeting shall be deemed present throughout such meeting if members represented in person or by proxy and holding more than

one-half of the votes entitled to be cast at such meeting are present at the beginning of such meeting.

5.7. Adjournment: Any meeting of the members may be adjourned from time to time for periods not exceeding 48 hours by vote of the members holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted property at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

5.8. Consents: Any actions which may be taken by vote of the members may also be taken by written consent signed by all members.

5.9. Meeting Rules: The Board may prescribe reasonable rules of the conduct of all meetings of the Board and members.

ARTICLE VI

DIRECTORS AND OFFICERS

6.1. Initial Board of Directors: The initial Board of Directors shall be composed of Robert A. Dillon, Steve A. Hesse and R. Michael Anderson, who shall serve until the annual meeting to be held in the year 2005.

6.2. Election of Directors: Upon the end of the term of the initial Directors or their initial resignation as set forth above in paragraph 6.1., the membership shall elect the Board of Directors, which, unless a special meeting is held to have the first election, shall be held at the annual meeting of the membership.

6.3. Number and Tenure of Directors: The number of directors to be elected, after the initial Directors, shall be four (4) and their terms shall be as follows: The two individuals receiving the highest number of votes for Director shall serve a two year term. The two elected Directors receiving the lowest vote total shall serve for a one year term. Thereafter, the Directors' seats that will be vacated will be voted upon at the Members' annual meeting to serve a one year term as set out hereinabove. Directors and officers shall serve with no compensation.

6.4. Duties: The business and property of the Association shall be managed by the Board of Directors.

6.5. Cumulative Voting: Members shall be entitled to cumulative voting for Directors.

6.6. Election of Officers: The Directors shall elect a President, Vice-President, Secretary, and Treasurer to serve one year terms until the next election.

6.7. Duties of President: The President of the Association shall be its chief executive officer and have the responsibility for the supervision of the management of the affairs of the Association. The President shall preside over meetings of the Board of Directors.

6.8. Duties of Vice-President: The Vice-President shall perform the duties and exercise the powers of the President during absence or disability of the President. In the event of the death, resignation or removal of the President, the Vice-President shall serve as President until a new President has been elected.

6.9. Duties of Secretary: The Secretary of the Association shall keep the minutes of the meetings of the Board of Directors and the Membership and shall keep and make all other records and reports, except for accounting purposes, necessary and proper to the operation of the Association.

6.10. Duties of Treasurer: The Treasurer of the Association shall keep the books of account of the Association, maintain deposit accounts for the funds of the Association which shall be subject to withdrawal upon the signatures of the President and Treasurer and whose signature shall be duly certified to the depositories of the Association, and be responsible for the proper reporting to any governmental agency and the membership of the Association for funds received and paid out, including the responsibility to submit a financial report to the Board of Directors at each regular Directors' meeting and to the membership at the annual meeting of the membership.

6.11. Association Committees:

a. Optional Committees: The Board of Directors may, from time to time, establish such committees as the Board of Directors deems necessary and desirable to assist in the efficient operation of the Association. Committee members shall be members of the Association and shall be appointed by the Board of Directors and shall serve at the pleasure of the Board of Directors.

b. Spring Ridge Architectural Control Committee ("SRACC"): The owners or Developer shall serve as the SRACC until their resignation. Thereafter, the Board of Directors shall create the SRACC and shall appoint at least two (2) and not more than four (4) members of the Association to serve thereon and shall appoint one of the committee members to serve as chairman.

6.12. Directors' Meetings: Regular meeting of the Board of Directors shall be held, at least, annually at the office of the Association or at such other places as the President may designate. Special meetings may be called any time by the President, and may be called by any officer of the Association upon written demand of two (2) or more Directors. A quorum shall be deemed to exist at any regular or special meeting of the Directors if two or more directors are present.

6.13. Meeting Rules: The Board may prescribe reasonable rules for the conduct of all meetings of the Board and members.

6.14. Execution of Documents: When the execution of any contract, conveyance or any instrument has been authorized by the Board of Directors without specification as to the representative of the Association to execute said instrument or instruments, the President and the Secretary may execute the same in the name and in behalf of the Association and may affix the corporate seal thereto. The Board shall have the power to designate the officers and agents who shall have authority to execute any instrument in behalf of the Association.

6.15. Removal of Directors and Newly Created Directorship and Vacancies: Any or all of the Directors from may be removed for cause by a majority vote of the Members or by action of the Board. Directors may be removed without cause only by a majority vote of the Members. Newly created directorships resulting from the resignation or death of a Director may be filled by a vote of a majority of the Directors then in office. Vacancies occurring by reason of the removal off Directors with or without cause shall be filled by a majority vote of the members. A Director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his or her predecessor.

ARTICLE VII

ARCHITECTURAL APPROVAL

7.1. Plan Approval: The overall plan for the subdivision contemplates centralization of architectural control to enhance, ensure, and protect the attractiveness, beauty and desirability of the area as a whole while at the same time permitting, compatible distinctiveness of individual dwellings. For this purpose, the SRACC shall have the right and responsibility to review and approve plans and specifications for all new construction in the subdivision.

No building, fence, wall, residence, or other structure shall be commenced, erected, or maintained upon the property nor shall any exterior addition to or change or alteration to such structures or the color thereof (including without limitation, side landscaping visible from any part of the property and grading plans, reproofing materials, patio covers and trellises, plans for off street parking of vehicles and utility layout), be made until the plans and specifications of such improvements are submitted to and approved in writing by the SRACC. Provided, however, in the event the SRACC fails to approve or disapprove such design or location within forty-five (45) days after said plans and specifications have been received by it, approval will not be required, and this article will be deemed to have been fully complied with. All plans and specifications shall be submitted in writing over the signature of the owner of the lot or the owner's authorized agent. The SRACC shall have the right to require any owner to remove or alter any structure which has not received approved or is built other than in accordance with the approved plans and to receive reimbursement from owner for any cost expended in this effort. The requirements of the article are in addition to any approvals or permits required by an appropriate governmental entity, which shall be submitted to the SRACC after such permits are received.

7.2. No Liability: Neither developer nor its assigns, the Association, the Board of Directors, nor the SRACC or the Members thereof shall be liable to anyone submitting plans and specifications to them for approval, or to any owner of a lot affected by these restrictions by reason of mistaken judgment, negligence, or disapproval or failure to approve or disapprove any such plans or specifications and no approval or required modifications of plans submitted shall be considered a warranty of any nature whatsoever pertaining to the suitability of such plans and specifications. Every person who submits plans and specifications to the SRACC for approval agrees that no action or suit for damages will be brought against the Developer, the Association, its Board of Directors, the SRACC, or any of the Members thereof.

7.3. Notice of Non-Compliance or Non-Completion: Notwithstanding anything to the contrary contained herein, after expiration of one (1) year from the date of issuance of a building permit by a municipal or other governmental authority, provided that such building permit was submitted to the SRACC and provided the improvement was constructed, said improvement shall, in favor of purchasers and encumbrances in good faith and for value, be deemed to be in compliance with all provisions of these articles unless actual notice of such non-compliance or non-completion, executed by the SRACC, or its designated representative, shall appear of record in the real estate records of the Circuit Clerk and Ex-Officio Recorder of Benton County, Arkansas or unless legal proceedings shall have been instituted to enforce compliance or completion within such one year period. This presumption of compliance is conditioned upon the building permit having been submitted to the SRACC within thirty (30) days after its issuance.

7.4. Appeal: All actions taken by the SRACC are appealable by the aggrieved owner who shall appeal by a written appeal within fifteen (15) days after the SRACC action. Such action of the SRACC may be overturned by a majority vote of the Board of Directors.

ARTICLE VIII

PLAN FOR MAINTENANCE OF COMMON PROPERTIES

8.1. Islands, Walls and Other Improvements: It is contemplated that certain landscaping islands, walls, signs, sign posts, pond, street lights, and other landscaping features in the Subdivision and other improvements may be erected on the Common Properties by the Developer. At such time as the Common Properties are conveyed or dedicated by the developer to the Association, the cost, maintenance, capital improvements, operation, taxes, and other expenses incident to the Common Properties shall be the obligation of the Association and shall be paid from assessments against each lot as herein provided. All other Common Properties designated by the Association shall also be maintained at the expense of the Association.

ARTICLE IX

PROPERTY RIGHTS OF THE COMMON PROPERTIES

9.1. Members' Easement for Enjoyment: Subject to the provision of this article and related provisions set forth elsewhere herein, every member shall have a right of enjoyment in and to the Common Properties and the area, subject to the rules and regulations governing such use as promulgated, from time to time, by the Association. Such right and easement shall be appurtenant to and shall pass with the conveyance of title to every lot.

9.2. Extent of Members' Rights of Enjoyment: The rights of easements of enjoyment created hereby shall be subject to the following:

- a. The right of the Association to borrow money for the purpose of acquiring, constructing, improving and maintaining the Common Properties and in aid thereof to mortgage said properties or executes a deed of trust or other instrument covering said properties. In the event of default upon any such mortgage, the lender shall have a right, after taking possession of such properties, to charge service or use charges, admission and other fees as a condition enjoyment by the Members, and if necessary to have other relief as permitted by law; and,
- b. The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and,
- c. The right of the Association to suspend or permanently cancel the rights of any member and membership in the Association as hereinafter provided; and,
- d. The right of the Association to charge reasonable service or use charges, admission and other fees for the use, service and enjoyment for the Common Properties; and,
- e. The right of the Association to limit the number of members per lot who may be entitled to the benefit of the easement of enjoyment as to the Common Properties by reason of ownership of a lot; and
- f. The right of individual members to have exclusive use of any of the Common Properties as from time to time may be granted by the Board of its designate;
- g. The right of the Association to pass and enforce rules and regulations related to use, control and maintenance of the Common Properties and the areas situate thereon.

ARTICLE X

COVENANT FOR MAINTENANCE AND OTHER ASSESSMENTS

10.1. Creation of Lien: Each owner of any lot of the Subdivision, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed, contract to purchase, or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established and corrected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. In no event shall an annual or special assessment be applicable at any time to any lot owned by the Developer and the Developer shall not be obligated to pay any annual or special assessment.

10.2. Purpose of Assessments: The assessments levied pursuant hereto by the Association shall be used for the purposes of acquisition, improvements and maintenance of the Common Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties, insurance thereon and repair, replacement, and modifications thereto, and for the cost of labor, equipment, materials, management and supervision thereof. In addition, assessments may also be used for expenses related to the necessary and reasonable operation of the Association, including, but not limited to, collection of assessments and related costs and enforcement of the covenants and restrictions of the Subdivision.

10.3. Basis and Maximum of Annual Assessments: The annual assessment for each lot shall be \$200.00. An Owner's first such assessment shall be prorated and paid to the Association at closing according to time of conveyance of a lot from the Developer to the Owner. From and after the third annual meeting of the members, the annual assessment may be increased, as hereinafter provided, by a majority vote of the votes entitled to be cast by the members for the next succeeding "assessment year" (beginning January 1) and at the end of each such period of one year for each succeeding period of one year. At no time shall the annual assessment per lot be increased more than twenty-five percent (25%) above the prior year's annual assessment. Said annual assessment shall be payable in advance on the 1st day of January each year. The Board of Directors may, after consideration of current maintenance costs and future needs of the Association, fix the actual assessment for any year.

10.4. Special Assessments for Capital Improvements: In addition to the annual assessments authorized by §10.3. hereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement or a described capital improvement upon the common properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent 2/3 of the votes entitled to be cast by members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at the last know address of each member at last fifteen (15) days in advance and shall set forth the purpose of the meeting.

10.5. Changed in Basis of Maximum of Annual Assessments: Subject to the limitations of §10.3. thereof, and for the purposes therein specified, the Association may change the maximum and basis of the assessments fixed by §10.3. hereof prospectively for any such period, provided that any such change shall have the assent 2/3 of the votes entitled to be cast by members who are voting in person or by proxy, at a meeting duly called for this purpose, where a quorum is present, written notice of which shall be mailed to all members at the last known mailing address of each voting member at least (15) days in advance and shall set forth the purpose of the meeting.

10.6. Quorum for any Action Authorized Under Sections 10.4. and 10.5.: As to any meeting on any action authorized by Sections 10.4. and 10.5. hereof, the presence at the meeting of members, or of proxies, entitled to cast fifty percent (50%) of all votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in sections 10.4. and 10.5.

10.7. Late Payment of Assessments: As hereinabove provided, each annual assessment shall be due and payable on the 1st day of January of each year. In the event of default as to any payment (annual or special), and if the default is not remedied within ninety (90) days, the Association shall have the option of taking such action as permitted by law or equity and by these By-laws and the Declaration. An additional late charge of ten percent (10%) shall be assessed on any payment which is more than ninety (90) days delinquent. Costs of collection of the assessment, including reasonable attorney's fees therefore, shall also be assessed.

10.8. Duties of the Board of Directors: In addition to the other duties of the Board of Directors, the said Board of Directors shall fix the date of any special assessment against each lot for any special assessment period at least thirty (30) days in advance of such special assessment, written notice of the special assessment shall thereupon be sent to every member subject thereto at the last known mailing address of such member.

The Secretary of the Association, upon demand at any reasonable time, shall furnish to any member liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessments have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

10.9. Effect of Non-Payment of Assessment and the Lien Remedies of the Association: If the assessments (annual or special) are not paid on the date when due (being the date specified in § 10.7. hereof), then such assessment shall become delinquent as provided in § 10.7. hereof and shall, together with such interest, late charges thereon and costs of collection thereof as herein provided, thereupon become a continuing lien on the lot which shall bind such lot in the hands of the then owner, its successors, heirs, devisees, personal representatives and assigns. If the assessment is not paid as provided, it shall bear interest from the date of delinquency at the maximum rate of interest allowed by law, not to exceed ten percent (10%) per annum, and the Association may foreclose the lien against said lot, and there shall be added to the amount of

such assessment the cost of attorney fees in connection with any court proceedings arising there from, together with all court costs, late charges, and expenses incurred by the Association.

10.10. Subordination of the Lien or Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed upon the lots subject to assessment; provided however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such lot pursuant to a Decree of Foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

10.11. Suspension of Rights of Membership: Prior to the foreclosure of any lien upon a lot subject to these By-laws and the Declaration, the Board of Directors of the Association may elect to suspend all membership rights of any member or member of the Association who are delinquent in any payment due to the Association for more than thirty (30) days, with such suspension to continue for so long as any such delinquency exists. Further, the Board of Directors may suspend membership rights for a period of thirty (30) days for the infraction of any rules or regulations by the member, family of the member or guest of the member, relating to the use of the Common Properties. Suspension of membership rights shall be effective from the date that notice of suspension is mailed to the member via U.S. Certified mail, return receipt requested, postage prepaid, to the last known address of the said member.

10.12. Cancellation and Hearing: The said Board of Directors may elect to permanently cancel the membership and all membership rights of any member who is delinquent in any payment due to the Association for more than ninety (90) days or when such member, family of the member, or guest of the member are guilty of repeated or flagrant violation(s) after a hearing conducted by said Board of Directors, which notice of such hearing mailed to such member at least thirty (30) days in advance of said hearing date, and further provided that such member may appeal any such decision of said Board of Directors to the membership of the Association by such affected member calling a special meeting of the membership of the Association by notice mailed to each member at least ten (10) days in advance of the desired special meeting date, and said notice setting forth the time, date, place and purpose of said meeting. A majority vote of the votes entitled to be cast by the members of the Association attending such special meeting shall be necessary to override the decision of the Board of Directors, and all votes shall be by secret ballot. Notice shall be mailed by the member via U.S. Certified mail, postage prepaid, return receipt requested.

ARTICLE XI

AUTHORITY OF MEMBERSHIP

11.1. Authority of Membership to Overrule Board of Directors: The action of the Board of Directors may be overruled by a majority of votes entitled to be cast by the members who are voting in person or by proxy at a meeting called by five or more members in good standing, notice of which meeting shall be mailed to all members at the last know mailing

address of each member at least fifteen (15) days in advance, and shall set forth the purpose of the meeting.

11.2. No Detriment of Third Parties: No action by the members overruling the Board of Directors shall be effective to cause a detrimental effect on any third parties relying on prior action of the Board of Directors, nor shall any members of the Board of Directors be liable for damages for any action subsequently overruled at any membership meeting except for intentional acts of fraud or bad faith.

ARTICLE XII

INDEMNIFICATION

12.1. General: The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, the Board and the Developer and its successors in interest against all contractual and other liabilities to others arising out of contracts made by, or other acts of, such directors, Board, officers, committee members or Developer, in behalf of the lot owners, or arising out of their status as directors, Board officers, committee members or Developer, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. The Association may obtain insurance for such purposes, which shall be an expense of the Association. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including but not limited to counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense or any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, committee member or Developer may be involved by virtue of such persons being or have been such director, officer, Board, committee member or Developer; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member or Developer, or (b) any matter settled or comprised, unless in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member or Developer.

12.2. Success or Merits: To the extent that the Board, Developer, a director, officer of the Association or member of any committee appointed pursuant to these By-Laws has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraph 12.1 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

12.3. Expenses in Advance of Disposition: Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the specific case upon receipt of an

undertaking by or on behalf of the director, officer, Board, committee member or Developer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

12.4. Non-Exclusive Remedy: The indemnification provided by this Article XII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement vote of members of the Association or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity that has ceased to be Developer, a director, an officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, personal representatives, successors and assigns of such person or entity.

ARTICLE XIII

AMENDMENTS

13.1. Any or all of the provisions contained in these By-laws may be changed or amended by an instrument in writing, drafted so as to be recorded with the Registrar of Deeds of Benton County, Arkansas, signed by all the then members of the Association entitled to vote as heretofore provided.

ARTICLE XIV

INVALIDATION

14.1. By Court Order: Invalidation of any other of these covenants and by-laws by judgment court order shall in no way effect any of the other provisions herein contained.

14.2. Conflict of Provisions: Where any provision herein is in conflict with any resolution or regulation of the Association, the provisions herein shall control.

ARTICLE XV

NOTICE

15.1. Notice by Mail and Waiver of Notice: Unless otherwise expressly provided herein, notice shall be effective when mailed postage prepaid, first class mail, to the person entitled to notice at the last known address of such person reflected by the records of the Association. Any notice required may be waived by waiver signed by the person entitled to notice or by the attendance of the person who is entitled to notice at any meeting where notice is required.

15.2. Notice by Personal Service: Notice may be given to same by delivery of a copy of such notice by an officer or director of the Association (or agent thereof) to the person entitled to notice, with the officer or director delivering such notice to certify on a copy thereof. Said copy shall be maintained in the records of the Association.

15.3. Person Entitled to Notice: The person entitled to notice shall be the person indicated by the books and records of the Association to be the person entitled to the voting rights for each of the said lots and proper notice to such person shall be deemed to be the proper notice to all other owners of any interest in a lot. Notice of all meetings shall be given no more than forty-five (45) days and no fewer than fifteen (15) days in advance of said meeting.

IN WITNESS WHEREOF, the foregoing Declaration and By-laws of Spring Ridge Subdivision adopted by the Board of Directors of Spring Ridge Property Owner's Association, Inc. on the 29TH day of NOVEMBER, 2005.

Steve A. Hesse
), Secretary
Spring Ridge Property Owner's Association, Inc.

ACKNOWLEDGMENT

Benton County, AR
I certify this instrument was filed on
12-01-2005 12:46:28 PM
and recorded in Deed Book
2005 at pages 65259 - 65273
Brenda DeShields-Circuit Clerk

STATE OF ARKANSAS)
) ss.
COUNTY OF WASHINGTON)

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting, appeared in person the within named Steve A. Hesse, Secretary of Spring Ridge Homeowners Association, Inc., a non-profit corporation, and was duly authorized to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that he has so signed, executed and delivered said instrument for the consideration, uses and purposes therein mentioned and set forth.

Witness my hand and seal as such Notary Public the 29TH day of November, 2005.

Andy Feinstein
Notary Public

My Commission Expires:

