



BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

Contents

ARTICLE I	1
DEFINITIONS.....	1
ARTICLE II	2
Location	2
ARTICLE III.....	2
Membership	2
ARTICLE IV	3
Voting Rights.....	3
ARTICLE V	4
Property Rights & Rights of Enjoyment of Common Property	4
ARTICLE VI	4
Association Purposes and Powers.....	4
ARTICLE VII.....	5
Board of Directors.....	5
ARTICLE VIII.....	6
Board of Directors Election Process	6
ARTICLE IX	8
Board Responsibilities, Authority, and Accountability	8
ARTICLE X.....	11
Director's Meeting	11
ARTICLE XI	13
Officers	13
ARTICLE XII	15
Committees	15
ARTICLE XIII.....	17
Meeting of Members.....	17
ARTICLE XIV.....	18
Proxies.....	18

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

ARTICLE XV	18
Books and Papers	18
ARTICLE XVI.....	18
Corporate Seal.....	18
ARTICLE XVII	18
Amendments	18
ARTICLE XVIII.....	19
Indemnification By Corporation of Actions by Board of Directors, Officers, Committees, and Department Heads.....	19
ARTICLE XIX.....	19
Parliamentary Authority.....	19

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.

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

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

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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. 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.

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS 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 General Manager 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

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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, Policies, 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:

- 1) 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;
- 2) Interfering directly in the management of the Association; or
- 3) 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 breach of Board confidentiality, or 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

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

Section 2. In the event an in-house election occurs, the Board of Directors shall appoint an ad hoc Election Day Committee and chair.

Section 3. Any member of the Property Owners Association in good standing, not an employee of the Association and in compliance with Article VIII, Section 2 and 3 herein, may be certified

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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 General Manager (GM). The GM 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 (if applicable) 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.

Section 5. 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. In the event a vacancy on the Board interferes with a 3-2-2 staggering of terms, a candidate shall serve a shortened term in accordance with Bylaws Article VII Section 3.

Section 6. 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 7. 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.

Section 8. 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.

Section 9. The results of the election will be calculated by the third-party election service vendor who shall prepare an Official Certification Report for the Election and provide the election results on the election day to the Board of Directors President and Designated HSV POA Representative. The Board President will contact first, the Board, second the GM, and third, all the candidates in the field. The GM will issue a press release of the results on the designated election date.

Section 10. 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 GM, at the expense of the individual requesting the recount. An upfront fee must be paid by the requesting member to

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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:

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

Section 2. Board Authority

- 1) Such duties as are provided in II of this Section may be delegated by the Board to the GM, who shall report his/her actions to the Board of Directors.
- 2) 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:
 - i. Payment of all taxes assessed against the property owned by the Association;
 - ii. 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;
 - iii. Maintenance, repair, replacement or additions to the facilities and supplies and equipment of the Association;

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

- iv. Maintenance, repair and replacement of roads and streets even though they may have been dedicated to the public;
 - v. Furnishing or providing municipal services as deemed necessary and prudent in the reasonable judgment of the Board of Directors; and
 - vi. 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.
- 3) 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;
 - 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.

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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:

- i. The conflict of interest results in better overall value when weighted against competitive bidding submitted by like contractors for the same work.
 - ii. The Board shall disclose all the details and carefully document the conflict disclosure in the minutes.
 - iii. 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.
 - iv. 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. 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

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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 GM, as well as all other personnel authority delegated to the GM;
 - 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 loyalty and care.

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.

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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.
- c) Establishment of Super Majority. The Board of Directors shall have the ability to establish a Super majority, defined as a vote of two thirds of the sitting Board of Directors, to establish, modify, or delete Articles defined in the Hot Springs Village Property Owners Association Policy Guide. Any Article requiring Super majority shall be so noted in the Article.
- d) Establishment of Mega Majority. The Board of Directors shall have the ability to establish a Mega majority, defined as a vote of all except one (1) of the sitting Board of Directors, to establish, modify, or delete Articles defined in the Hot Springs Village Property Owners Association Policy Guide. Any Article requiring Mega majority shall be so noted in the Article.

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

ARTICLE XI

Officers

Section 1. General.

- a) Officers. The corporate officers for the Association shall be a President, Vice President, General Manager, 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 President and Vice President 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 President 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. President. The President 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 President 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 President, the Vice President shall preside at all such meetings of the members and the Board of Directors.

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

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 5. Treasurer. The Treasurer shall be elected by the members of the Board of Directors. If the Treasurer is not a Director, as a Corporate Officer, he/she is an Ex officio/non-voting Board member with all the duties, responsibilities, and commitments of a Director/Board Member. The Treasurer is the Officer entrusted with, and the Custodian of the funds of the Association.

Performs all of the duties related to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the chair or by the Board of Directors.

Section 6.

The General Manager (GM) is appointed by and reports to the Hot Springs Village Property Owners' Association (POA) Board of Directors (BOD). The GM will at all times, faithfully, industriously and to the best of the GM's ability, perform all duties that may be required by virtue of this position and all duties set forth in HSVPOA's bylaws and policies.

GM ESSENTIAL DUTIES AND RESPONSIBILITIES

1. Directs and coordinates, through subordinate level supervisory and managerial personnel, the achievement of the goals and objectives of the POA as set forth by the Board of Directors;
2. Leads operational, financial, marketing and personnel matters in all divisions of the Association, in accordance with governing policies, by empowering direct reports and modeling superior customer service;
3. Assesses operational effectiveness and efficiency, interdepartmental cooperation, respect, and sharing of resources and information;
4. Serves as a bank signatory with operational purchasing authority of up to \$50,000 and budgeted capital expenditures authority of up to \$50,000. All expenditures over \$50,000 require approval of the POA Board of Directors;
5. Works with the Board of Directors to manage marketing programs and concepts;
6. Follows the Association's Health & Safety Plan, in accordance with DOL requirements;
7. Ensures member inquiries and complaints are directed to the appropriate supervisor, manager, or director for resolution and continuously improves the staffs' ability to de-escalate and resolve matters themselves in a professional and timely manner;
8. In conjunction with the Treasurer, works within the parameters of an annual budget that has been approved by the Board of Directors;
9. Actively engages the Board by anticipating their needs and providing thorough and timely information concerning both project status and policy development, as necessary;
10. Performs other duties as assigned 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. The GM of the Association may also serve as Corporate Secretary.

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

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 President 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 Committees of the Association shall be

- A. Architectural Control
- B. Audit
- C. Common Property, Forestry, and Wildlife
- D. Finance and Planning
- E. Golf
- F. Governmental Affairs
- G. Lakes
- H. Marketing
- I. Public Services
- J. Parks & Recreation
- K. Trails

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 must operate within the constraints 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 (serving the board, the staff, or both), purpose, organization and appointment, duties and responsibilities, limitations, meetings and reports.

Section 3. Each committee shall consist of a chair plus two or more members.

- 1) A member of the Board of Directors shall be elected by the Board to serve as a Board Director Liaison to each committee.
 - a) Household members of elected directors and officers may not serve on Committees.
 - b) A Board member may not serve as the Committee Chair unless otherwise permitted by the charter.
- 2) This election will occur shortly after the Board is constituted each April.
- 3) The GM will appoint the appropriate staff member to serve as the Staff Liaison to each Committee with the exception of the Audit Committee.

Section 4. Appointment of Committee members

- 1) All committee members must be members in good standing of the Hot Springs Village Property Owners' Association or current employees of HSVPOA if appointed to a committee by the GM.
- 2) Committee members are allowed to serve on two Committees at a time, exceptions may apply if specifically provided by the Board.

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

- 3) Committee members shall be re-appointed by the Board of Directors annually at the May Board of Directors meeting. 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 Committee's Charter.
- 4) 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.
- 5) When mid-term vacancies occur, replacements shall be appointed to serve the balance of the term vacated. 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.
- 6) 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 Committee.
- 7) Committee members shall serve at the pleasure of the Board and may be removed by the Board for cause or for three consecutive unexcused absences from regularly scheduled meetings.
- 8) 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 Committee.
- 9) 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.
- 10) Committee Chairs are responsible for submitting annual reports of committee activity and accomplishments by May 15 of the succeeding year, to the Secretary.
- 11) Meeting minutes require approval of the Committee prior to submission to the Corporate Secretary. If no meeting was held, an email communication is requested.
- 12) Should a committee choose to postpone or cancel a regularly scheduled meeting, the Committee Chair will notify the Corporate Secretary.
- 13) All committees are Board Committees.

Section 5. Role of Board Director Liaison Members

- 1) To advise the Committee of POA Board actions and upcoming issues of interest to committee.
- 2) To ensure the 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 Director Liaison may participate in solicitation of members to fill leadership posts.
- 4) To conduct election of committee leadership in June of each year.
- 5) To advise fellow POA Board members of forthcoming recommendations from the Committee and other issues of interest to the Board.
- 6) To understand what conduct is appropriate when functioning in a true governance capacity:
 - i. The Board and its authority only exist when it is in session.

BYLAWS OF THE HOT SPRINGS VILLAGE PROPERTY OWNERS ASSOCIATION

- ii. An individual Board member shall have no power of government or administration, derived from the fact that each director was elected to office. Please reference Bylaws Article 7, Section 4 Governing Power.
 - iii. The Board members (individually) understand that property owner expectations hold them accountable to a “higher standard” of decorum and should act accordingly both in and outside of the Board Room.
- 7) Board member Directors serving on committees as Liaisons must ensure that all other committee members understand that when serving in this capacity their authority is no different than any other committee member.

Section 6. Responsibilities of POA Staff Liaison

- a) To communicate staff plans, upcoming topics of interest, and issues for consideration.
- b) To advise the GM of forthcoming recommendations from committee and other issues of interest to Administration.

Section 7. Conducting Business

- 1) The rules contained in the current edition Democratic Rules of Order shall govern the conduct of Committees in all cases to which they are applicable and in which they are not inconsistent with any governing documents.
- 2) The chair may vote whenever they choose.
- 3) Proxy voting shall not be allowed.
- 4) The physical presence of a majority of the committee shall constitute a quorum thereof. A majority of the minimum required quorum shall be able to approve committee actions.

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 President, Vice President, 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 members either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his/her 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 herein, 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.

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

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 are to be given to the GM.

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.

BYLAWS OF THE HOT SPRINGS VILLAGE
PROPERTY OWNERS ASSOCIATION

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 Democratic 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, 03-18-20, 04-15-20, 04-20-20, 05-20-20, 06-17-20, 07-15-20, 09-16-20, 10-21-20, 12-16-20, 11-17-21; 07-20-22, 1-15-25