

BY-LAWS OF  
STEEPLECHASE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I  
Registered Office

Steeplechase Homeowners Association, Inc., an Arkansas nonprofit corporation (the "Association"), shall have at 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 and  
Restrictions as a Part of By-Laws

2.1 Adoption by Reference. The Declaration of Covenants, Conditions and Restrictions for Steeplechase Subdivision (the "Declaration") for the property in the Steeplechase Subdivision as reflected in Plat Book P 3 at pages 916, et seq. of the Plat Records of Benton County, Arkansas, and amendments thereto or hereafter made, if any, are hereby adopted and incorporated as a part of these By-Laws by reference as fully as though same were set out herein word for word. Said Declaration was filed by Brandon-Riggins, LLC, hereinafter referred to as "Declarant". The definitions contained in the Declaration are incorporated herein by reference.

2.2. Declaration to Control. In the event any provisions contained in these By-Laws or any rule or regulation of the Association or any other action of the Association shall be in conflict with the Declaration, then the Declaration shall control.

ARTICLE III  
Association Membership and Meetings

3.1 Membership Eligibility. Membership in the Association shall be as set forth in Article IV of the Declaration, and voting rights shall be in accordance with said Article of said Declaration.

3.2. Succession. The membership of each lot owner shall automatically terminate when said lot owner ceases to be a lot owner and upon the conveyance, transfer or other disposition of a lot, said lot owner's membership in the Association shall automatically be transferred to the new lot owner.

3.3. Regular Meetings. The members shall annually hold a regular meeting, one of

the purposes of which shall be to elect directors. The first regular annual meeting of 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 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. Subject to the terms of the Declaration, such notice shall be mailed to or otherwise delivered to all members at least 10 days and not more than 60 days prior to the date of such meeting. Such notice shall also state the purpose of such meeting.

3.4. Special Meetings. Special meetings of the members may be called by the President or by a majority of the directors, or by 50% or more of the members. Special meetings shall be called by delivering written notice to all members not less than ten days nor more than 30 days prior to the date of said meeting, stating the date, time, place and purposes of the special meeting.

3.5. Delivery of Notice of Meetings. Notices of meetings shall be delivered by or at the direction of the Secretary of the Association and may be delivered either personally or by mail to a member at the address given to the Board by said member for such purpose, or to the member's lot, if no address for such purpose has been given to the Board. Upon request, any holder of the first mortgage shall be entitled to written notice of all meetings and shall be permitted to designate a representative to attend and observe any such meeting.

3.6. Waiver of Notice. Waiver of notice of meetings 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 of 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 also 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.

3.7. Voting. Voting rights shall be as reflected in the Declaration unless membership rights of a member have been suspended or canceled as permitted by the provisions of said Declaration.

3.8. Voting List. A list of names and addresses of members entitled to vote shall be available to any member from the Secretary upon written request at any time within ten days of any regular or special meeting.

3.9. Quorum. Subject to the terms of the Declaration, 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.

3.10. 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 properly 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.

3.11. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies must be dated and may be revoked only by written notice delivered to the Association. Presence in person at the meeting for which a proxy is given or transfer of ownership of a lot shall automatically revoke the proxy.

3.12. Consents. Any action which may be taken by a vote of the members may also be taken by written consent signed by all members.

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

#### ARTICLE IV Board of Directors

4.1. Composition. The affairs of the Association shall be governed by the Board. The Board shall be composed of at least two (2) but no more than five (5) persons. Upon the expiration of the term of the initial Board, the Board shall be composed of five persons, and future directors shall be owners of lots, including agents of the Declarant should the Declarant still own a lot or lots at the time of the election. The precise number of directors may be amended from time to time by resolution of the Board. Provided that should the Board elect to change the number of directors, such change shall be included in the notice of the annual meeting sent to the members of the Association.

4.2. Term of Office. Notwithstanding the foregoing, the initial Board of Directors shall serve two (2) years. All directors elected at any subsequent annual or special meeting shall serve for three (3) year terms and until their successors are qualified and elected; provided, however, upon expiration of the term of the initial Board of Directors the term of the directors shall be as follows:

One director for 1 year  
Two directors for 2 years  
Two directors for 3 years

Upon election of the board each elected director shall draw for his or her term. Thereafter, each director shall serve for three years or until his or her successor is qualified and elected.

4.3. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a

majority of votes entitled to be cast of the members of the Association and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given at least ten days notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

4.4. Vacancies. Vacancies in the Board caused by any reason, including the addition of a new director or directors shall, be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board and the new directors shall serve for the remainder of the term of the director being replaced. Said director shall serve until a successor shall be elected at the next annual meeting of the Association to fill the unexpired portion of the term.

4.5. Compensation. No director shall receive compensation for any service rendered to the Association. Any director may, however, be reimbursed for actual expenses incurred in the performance of duties as a director.

4.6. Nomination. Nomination for election to the Board shall be made by a nominating committee which shall consist of two members appointed by the President to serve from the close of one annual meeting to the close of the succeeding annual meeting. Such appointment shall be announced at the annual meeting. The nominating committee may nominate, by position number, any number of qualified individuals, but no less than the number of directors to be elected. The nominations shall be made at least 10 days prior to the annual meeting. Any member of the Association in good standing may nominate, by position number, any qualified individual or individuals for the position of director by filing a written nomination with any duly elected officer of the Association at least 10 days prior to the annual meeting. A list of the nominees, by position number, shall be included in the notice of annual meeting. No nominations shall be allowed from the floor at the meeting. Failure to comply with the provisions hereof shall in no way invalidate the election of directors so nominated and elected at any annual meeting.

4.7. Elections. Directors to be elected by the members shall be elected, by position number, from among those nominated, by a majority of the votes entitled to be cast at the annual meeting, a quorum being present.

4.8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least annually. The Board shall meet within ten days after each annual meeting of the members.

4.9. Special Meetings. Special meetings of the Board may be called by the President on three days notice to each director given by mail, in person or by telephone or other electronic means, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President, Secretary or Treasurer in like manner and on like notice on the written request of at least two directors.

4.10. Quorum. A quorum of directors shall be deemed present throughout any Board meeting at which 50% or more of the directors are present at the beginning of such meeting.

4.11. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings.

4.12. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board.

ARTICLE V  
Powers and Duties of Directors

The Board shall exercise for the Association all powers, duties and authority vested therein by the Declaration or these By-Laws, except for such powers, duties and authority reserved thereby to the members of the Association. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association in accordance with any provisions in the Declaration;
- (c) to engage the service of an agent (hereinafter sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Common Areas and all other property and obligations of the Association as referred to in the Declaration or any part thereof for the members, upon such terms and for such compensation as the Board may approve, including a Managing Agent which is affiliated with one or more directors, or the Declarant, or both; provided, that such managing agent shall not be engaged for periods of more than 1 year without board approval;
- (d) to administer, manage and operate the Common Areas as long as owned by Declarant or the Association and to formulate policies therefor;
- (e) to adopt rules and regulations, with written notice thereof to all members, governing the details of the administration, management, operation and use of the Common Areas, and to amend such rules and regulations from time to time;
- (f) to provide for the operation, care, upkeep, maintenance, repair, replacement and improvement of the Common Areas and payments therefor, as well as any other obligations or rights of the Association pursuant to the Declaration, and to approve payment vouchers or to delegate such approval to the officers of the

Association or the Managing Agent;

- (g) to have access to each lot from time to time as may be necessary for the maintenance, repair or replacement of the Common Areas therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Areas;
- (h) to obtain adequate and appropriate kinds of insurance;
- (i) to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement administration, management and operation of the Common Areas as well as to discharge any obligation or right of the Association pursuant to the Declaration, and to delegate any such powers to a Managing Agent (and any employees or agents of a Managing Agent);
- (j) to appoint committees and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (k) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
- (l) to estimate the amount of, prepare, adopt and distribute the budget for the Association not less frequently than annually, to provide the manner of assessing, levying on and collecting from the members their respective shares of the common expenses, and to levy fines and special assessments against one or more occupants in accordance with the Declaration;
- (m) to keep detailed, accurate records of the receipts and expenditures of the Association in discharging its obligations and rights;
- (n) to bid and purchase, for and on behalf of the Association, any lot, or interest therein, at a sale pursuant to a mortgage foreclosure, a foreclosure of the lien for assessments, special assessments or both, or an order or direction of a court, or at any other involuntary sale, upon the consent or approval of members owning not less than 75% of the lots, provided that such consent shall set forth a maximum price that the Board or its duly authorized agent may bid and pay for such lot or interest therein;
- (o) to make such mortgage arrangements and special assessments proportionately among the respective lot owners, and other such financing arrangements, as the Board may deem desirable, in order to close and consummate the purchase or lease of a lot, or interest therein, by the Association; provided, however, that no such financing arrangement shall be secured by an encumbrance on any interest in the Property other than the lot, or interest therein, to be purchased or leased;

- (p) to act in a representative capacity in relation to matters involving the Common Areas or more than one lot, on behalf of the lot owners, as their interests may appear;
- (q) to enforce by legal means the provisions of the Declaration and these By-Laws with respect to the Property;
- (r) to renew, extend or compromise indebtedness owed to or by the Association;
- (s) to create an Architectural Review Committee ("ARC") and appoint at least two (2) and not more than four (4) members of the Association to serve thereon and appoint one committee member to serve as chairman. The responsibilities of the ARC shall be, in addition to any other directives of the Board of Directors, to review all plans for improvements to Lots and Common Properties before construction of any such improvement may begin and to review any variances to initial plan approvals. The ARC shall either approve, in writing, the plans as submitted or shall return them to the member submitting such plans with written reasons as to the reason the plans are not approved. Actions taken by the ARC are reviewable by the Board of Directors within fifteen (15) days of the ARC action, and may be overturned by a majority vote of the Board of Directors;
- (t) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the votes entitled to be cast of the members as expressed in a resolution duly adopted at any annual or special meeting of the Association; and,
- (u) in addition to, and in furtherance of, the powers referred to in these By-Laws, the Association shall (i) have all the powers permitted to be exercised by a nonprofit corporation under the Arkansas Nonprofit Corporation Code of 1993, as now in force or hereafter amended, and (ii) have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Declaration and these By-Laws.

5.1. Nondelegation. Nothing in this Article or elsewhere in these By-Laws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the members.

## ARTICLE VI Officers and Their Duties

6.1. Designation. At each regular meeting of the Board after the members elect the Board, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

- (a) A President, who must be a director and who shall preside over the meetings of the Board and of the members, and who shall be the chief executive officer of the Association;
- (b) a Secretary, who shall keep the minutes of all meetings of the Board and of the members, and shall be designated as the officer to mail and receive all notices served by or upon the Board or the Association and execute amendments to the Declaration and these By-Laws, and shall, in general, perform all the duties incident to the office of Secretary, and may be a representative of the Managing Agent;
- (c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; provided, however, that the duties of the Treasurer may be performed by an employee or independent contractor retained by the Board; and
- (d) such additional officers as the Board shall see fit to elect.

Any two or more offices may be held by the same person, except offices of President and Secretary.

6.2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

6.3. Term of Office. Each officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified.

6.4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote at a special meeting of said Board. Any officer so elected by the Board to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds.

6.5. Compensation. No officer shall receive compensation for any service rendered to the Association. Any officer may, however, be reimbursed for actual expenses incurred in the performance of duties as an officer.

6.6. Removal. Any officer elected by the Board may be removed from office, either with or without cause, by a majority vote of the Board.

## ARTICLE VII Contractual Powers

No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or association in which one or more of the



directors are also directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because the vote or votes of such director or directors are counted toward such authorization or approval, if the circumstances specified in either of the following subparagraphs exist:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes thereof, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose, without counting the vote or votes of such director or directors; or
- (b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Such common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies such a contract or transaction.

#### ARTICLE VIII Indemnification

8.1 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 Declarant 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 Declarant, on behalf of the members, or arising out of their status as directors, Board, officers, committee members or Declarant, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. 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 Declarant may be involved by virtue of such persons being or have been such director, officer, Board, committee member or Declarant; 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 Declarant, or (b) any matter settled or compromised, 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 Declarant.

8.2 Success on Merits. To the extent that the Board, Declarant, 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 8.1 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.

8.3. 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 Declarant 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.

8.4. Non-Exclusive Remedy. The indemnification provided by this Article VIII 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 who has ceased to be Declarant, 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 IX

### Use Restrictions and Rule Making

9.1 Authority and Enforcement. The Property shall be used only for those uses and purposes set out in the Declaration. The Board shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use and enjoyment of lots and the Common Areas, provided that copies of such rules and regulations be furnished to all members. The Board shall have the power to impose reasonable fines which shall constitute a lien upon the lot and to suspend a member's right to vote or to use any of the Common Areas for violation of any duty imposed under the Declaration, these by-Laws or any rules and regulations duly adopted hereunder.

9.2. Procedure. The Board shall not impose a fine, suspend a member's right to vote or infringe upon any other rights of a member or other occupant for violation of rules unless and until the procedures reflected in the Declaration and the following supplemental procedures have been followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing, if the violation is not continuing.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice of a hearing to be held by the Board in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be at least thirty (30) days in advance of the hearings; (iii) an invitation to attend the hearing and provide any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Declaration to Control. The procedures specifically outlined in this Article are intended to be a supplement to those reflected in the Declaration with regard to procedures not specifically included in the Declaration, and should any of the provisions of this Article and the Declaration be in conflict, then the Declaration shall control.

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ARTICLE X  
Membership Dues

10.1 Dues. The dues and assessments shall be the amount as set forth in the Declaration or as changed from time to time as set forth in the Declaration.

ARTICLE XI  
Amendments

11.1. Proviso. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted to any mortgagee without the prior written consent of said mortgagee(s). No amendment that is in conflict with the Articles of Incorporation of the Association, the Declaration or the State of Arkansas shall all be adopted. These by-laws may be amended by a vote of 75% of all of the available votes voting for such amendment, with the members to have the votes as set forth in the Declaration.

ARTICLE XII  
Miscellaneous

12.1. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed

to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) If to a member, at the address which the member has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the lot of such member; or

(b) If to the Association, the Board of the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the members pursuant to this paragraph.

12.2. Severability. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

12.3. Captions. The captions herein are inserted only as a matter of convenience and for reference and if no way define, limit or describe the scope of these By-Laws or the intent of any provision thereof.

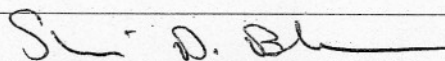
12.4. Gender and Grammar. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

12.5. Fiscal Year. The fiscal year shall be set by resolution of the Board.

12.6. Audit. An audit of the accounts of the Association shall be made annually as a common expense by a public accountant, and a copy of the report shall be furnished to each member who requests a copy in writing.

12.7. Mortgagees' Notice. A first mortgagee, upon written request, will be entitled to written notification from the Association of any default by an individual lot owner, who is the mortgagee's mortgagor, of any obligation arising from the Declaration not cured within 30 days.

The foregoing By-Laws adopted by the Board of Directors of Steeplechase Homeowners Association, Inc. on the \_\_\_\_\_ day of \_\_\_\_\_, 2001, and approved by a majority vote of the members on the \_\_\_\_\_ day of \_\_\_\_\_, 2001.



Secretary,  
Steeplechase Homeowners Association, Inc.