

Proposed Declaration Amendments & Proposed Articles of Incorporation Amendment

*Presented by the Hot Springs Village Property Owners Association
for enactment of its Comprehensive Master Plan*

2018

Article II, Sections 2-3. Additions to Existing Property.

CURRENT

Additional lands of the Developer situated in Garland County, Arkansas, as well as Saline County, Arkansas, may become subject to this Declaration in the following manner:

(a) Additions in Accordance with a General Plan of Development. The Developer, its successors and assigns, shall have in future stages of the development the right but not the obligation to bring within the plan of this Declaration additional properties, regardless of whether or not said properties are presently owned by the Developer, provided that such additions are compatible with the General Plan of Development which has been prepared and heretofore made public prior to the date of this Declaration and prior to the sale of any Lot, and provided such proposed additions, if made, will become subject to assessment for their just share of Association capital investments and expenses. UNDER NO CIRCUMSTANCES shall this Declaration or any Supplemental Declaration or such General Plan bind the Developer, its successors and assigns, to make the proposed additions or to adhere to the Plan in any subsequent development of land shown upon such General Plan, or in anywise preclude the Developer, its successors and assigns, from conveying the lands included in the General Plan, but not having been made subject to this Declaration or any Supplemental Declaration as herein provided, free and clear of such Plan, as well as free and clear of this Declaration or any Supplemental Declaration.

(b) The Additions authorized hereunder shall be made by filing of record a Supplemental Declaration of Covenants and Restrictions with respect to the additional property which shall extend the plan of the covenants and restrictions of this Declaration to such property, and the Owners, including the Developer, of Lots and Living Units in such additions shall immediately be entitled to all privileges herein provided.

(c) Such Supplementary Declaration may contain such complimentary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties as are not inconsistent with the plan of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify and add to the covenants established by this Declaration within the Existing Property.

Section 3. Additions Limited to Developer. No one other than the Developer, its successors and assigns, shall have the right to subject additional lands to the covenants and restrictions contained in this Declaration, unless the Developer, its successors and assigns, shall indicate in writing to the Association that such additional lands may be included hereunder.

PROPOSED

Additional lands situated in Garland County, Arkansas, and Saline County, Arkansas, may become subject to this Declaration in the following manner:

(a) Additions in Accordance with a Plan of Development. The Association, the Developer, and other owners of land as may be permitted by the Association, and their respective successors and assigns, shall have the right but not the obligation to subject additional properties to this Declaration, regardless of whether or not said properties are presently owned by such parties, provided that such additions are compatible with a plan of development approved by the Association, and further provided such proposed property, if added to the Declaration, will become subject to assessment for its just share of Association capital investments and expenses. UNDER NO CIRCUMSTANCES shall this Declaration or any Supplemental Declaration or such plan of development bind the Developer or the Association, or their respective successors and assigns, to subject any property to the Declaration even if it is shown on a plan of development, or in anywise preclude the Developer or the Association, or their respective successors and assigns, from conveying the lands included in the plan of development, but not having been made subject to this Declaration or any Supplemental Declaration as herein provided, free and clear of such plan, as well as free and clear of this Declaration or any Supplemental Declaration.

(b) The Additions authorized hereunder shall be made by filing of record a Supplemental Declaration of Covenants and Restrictions with respect to the additional property which shall extend the plan of the covenants and restrictions of this Declaration to such property, and the Owners, including without limitation the Developer and the Association, of Lots and Living Units in such additions shall immediately be entitled to all privileges herein provided and subject to assessments levied by the Association.

(c) Such Supplementary Declaration may contain such complimentary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties as are not inconsistent with the plan of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify and add to the covenants established by this Declaration within the Existing Property.

(d) Notwithstanding any terms in this Article II, Section 2 to the contrary, no property may be added and become subject to this Declaration without the prior consent of the Association. Actions or consents permitted by the Association under Section 2 shall be authorized or taken upon majority vote of the Board of Directors of the Association.

Article III, Section 2. Voting Rights.

CURRENT

The Association shall have two classes of voting membership:

Class A. Class A members shall be all those persons or entities as defined in Section 1 with the exception of Developer, who have paid the Developer in full for the purchase price of the Lot or Living Unit. Class A members shall be entitled to one vote for each Lot or Living Unit in which they hold the interests required for membership by Section 1. 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, which is subject by covenants of record to being assessed by the Association, even though such assessment has not yet commenced, until such time as it shall cease to be a record owner 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 such Living Units are situated shall not be counted.

PROPOSED

The Association shall have two classes of voting membership:

Class A. Class A members shall be all those persons or entities as defined in Section 1 with the exception of Developer, who have paid the Developer in full for the purchase price of the Lot or Living Unit. Class A members shall be entitled to one vote for each Lot or Living Unit in which they hold the interests required for membership by Section 1. 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 one vote for each 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, until such time as it shall cease to be a record owner 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 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 such Living Units are situated shall not be counted.

Article VI, Section 1. Plan for Construction and Maintenance of Common Properties: Water System and Sewer System.

CURRENT

It shall be the obligation of the Association to construct the water system and sewer system and same will be a part of the Common Properties. However, the Association shall be the judge, predicated upon sales by the Developer, as to the time when the water system and sewer system shall be constructed and shall also be the judge on the same basis as aforesaid as to when either system shall be constructed and extended from time to time. In other words, the Association will construct and extend water and sewer to lots sold by Developer at the earliest practicable time after such sales. It is contemplated that all lots might not require service by a central sewer system. In the event the Association determines that certain Lots shall be served by individual septic tanks, the Association shall not be obligated to extend the central sewage system to those Lots. The decision by the Association concerning such matters shall be final. The cost of the construction, maintenance, capital improvements, operation, taxes and other expenses incident to the water system and sewer system, and operation of each, shall be paid from assessments against each Lot and Living Unit as herein provided, and from charges (it is contemplated that no charges will be made for normal use) made to Owners for furnishing such service at such prices as shall be fixed from time to time by the Board of Directors of the Association. It is specifically provided that neither the water service nor sewer service will be furnished to the public for compensation, and to the contrary such water service and sewer service will be limited to Owners, as herein defined, and in the event the water service or sewer service is made available to persons or entities other than Owners there will be no charge to such persons or entities, unless the Association shall have complied with the applicable Arkansas law relative to the sale of water or sewage services to the public for compensation.

PROPOSED

It shall be the obligation of the Association to construct the water system and sewer system for The Properties, which systems shall be a part of the Common Properties. The Association shall be the judge, based upon sales of The Property by its developer, as to the time when the water system and sewer system shall be constructed and shall also be the judge on the same basis as aforesaid as to when either system shall be constructed and extended from time to time. In no event, however, shall the Association be obligated to commence construction or extension of any water system or sewer system until

twenty- four months after The Property to be served by the new or extended system is made subject to this Declaration by the recording of a Supplemental Declaration. It is contemplated that all lots might not require service by a central sewer system. In the event the Association determines that certain Lots shall be served by individual septic tanks, the Association shall not be obligated to extend the central sewage system to those Lots. The decision by the Association concerning such matters shall be final. The cost of the construction or any new or extended water system and sewer system, including all costs and expenses of engineering and permitting, shall be paid from assessments against each Lot and Living Unit as herein provided, or as otherwise agreed between the Association and the developer of The Property being served by the new or extended system. The cost of the maintenance, capital improvements, operation, taxes and other expenses incident to the water system and sewer system, and operation of each, shall be paid from assessments against each Lot and Living Unit as herein provided, and from charges made to Owners for furnishing such service at such prices as shall be fixed from time to time by the Board of Directors of the Association, provided, however, it is contemplated that no charges will be made for normal residential use.

Article VI, Section 2. Plan for Construction and Maintenance of Common Properties: Ways of Access for Vehicles.

CURRENT

The ways of access for vehicles shall be constructed by the Developer and those ways of access for vehicles which are not dedicated to the general public will be a part of the Common Properties. The Developer shall be obligated to construct and pave all ways of access for vehicles in any subdivision of The Properties within a period of twenty-four months after completion by the Association of the utility system which is it [sic] obligated to complete in such subdivision. The cost of maintenance, capital improvements, operation, taxes and other expenses incident to the ways of access for vehicles, regardless of whether dedicated to the public or as Common Properties, shall be paid from assessments against each Lot and Living Unit as herein provided.

PROPOSED

The streets and ways of access for vehicles within The Property (known in this Section 2 as the “streets”) shall be constructed by the developer of The Property being served by such streets. Streets that are not dedicated to the general public will be a part of the Common Properties. The developer of The Property served by the subject streets shall be obligated to construct and pave all streets in any subdivision of The Properties within a period of twenty-four months after completion by the Association of the utility system as set out in Article VI, Section 1 of this Declaration. After acceptance by the Association of the streets, the cost of maintenance, capital improvements, operation, taxes and other expenses incident to those streets, regardless of whether dedicated to the public or as Common Properties, shall be paid from assessments against each Lot and Living Unit as provided in this Declaration. The Association shall have no obligation to accept any streets and pay the aforementioned costs unless the streets are constructed in a manner that complies with construction and engineering specifications and standards included in the Protective Covenants promulgated under Article XIII of this Declaration.

Article VI, Section 3. Lakes, Golf Course, Permanent Parks and Permanent Recreational Plots.

CURRENT

The Developer shall construct the Lakes, Golf Course, Permanent Parks and Permanent Recreational Plots with the understanding, however, that the Developer shall be the sole judge as to the time when such Lakes, Golf Course, Permanent Parks and Permanent Recreational Plots shall be constructed, and if the Developer shall decide that it is not economically feasible to construct any or a portion of such due to the failure to sell sufficient Lots or Living Units, it shall not be obligated to construct same. The cost of maintenance, capital improvements, operation, taxes, and other expenses incident to these Common Properties shall be the obligation of the Association and shall be paid from assessments against each Lot and Living Unit as herein provided, and also from fees for the use of the Common Properties.

PROPOSED

The developer of that portion of The Property being improved shall construct the Lakes, Golf Course, Permanent Parks and Permanent Recreational Plots with the understanding, however, that such developer shall be the sole judge as to the time when such Lakes, Golf Course, Permanent Parks and Permanent Recreational Plots shall be constructed, and if that developer shall decide that it is not economically feasible to construct any or a portion of such due to the failure to sell sufficient Lots or Living Units, it shall not be obligated to construct same. The cost of maintenance, capital improvements, operation, taxes, and other expenses incident to these Common Properties shall be the responsibility of the developer of that portion of The Property being improved for the period ending five years after the subject Common Property is placed in service and thereafter available for use by the Owners for its intended purpose. Thereafter, but subject to the remaining terms of this Section 3, such cost of maintenance, capital improvements, operation, taxes, and other expenses incident to these Common Properties shall be the obligation of the Association and shall be paid from assessments against each Lot and Living Unit as herein provided, and also from fees for the use of the Common Properties. The Association may include as part of the Protective Covenants promulgated under Article XIII hereof reasonable standards for the construction of Common Properties, and the Association shall have no obligation to pay the cost of maintenance, capital improvements, operation, taxes, and other expenses

incident to any Common Property unless that Common Property complied with any such standards in effect at the time of its construction.

Article VIII, Section 3. Extent of Members' and Associate Members' Easements.

NEW

The rights and easements of enjoyment created hereby with the exception of the rights and easements created in Section 6 of this ARTICLE VIII shall be subject to the following:

(j) notwithstanding the terms of Section 3(i) above, the right of the Association to sell or abandon all or any part of a Common Property. Any such sale or abandonment shall be consented to in writing by the Owners of the Lots, Living Units or other parcel of The Property contiguous to the Common Property contemplated for sale or abandonment, and be approved by a majority of the Board of Directors of the Association upon a finding that the Common Property to be sold or abandoned is unnecessary for the successful operation of the community, and the anticipated benefit of the sale or abandonment is greater than the enjoyment gained from such Common Property by the Owners as a whole. The process set out in this Section 3(j) is contemplated to be used in connection with minor portions of the Common Property, and shall not be applicable to the Golf Courses, Lakes, Water System or Sewer System. The sale or abandonment of any Common Property shall not be voted upon by the Board of Directors of the Association until (i) satisfaction of any notice requirement imposed by the Association for completing a replat of any portion of The Property, or (ii) if no such notice requirement exists, then written notice that the Board of Directors will consider the sale or abandonment of the Common Property be given to Owners of The Property within 200 feet of the boundary of the Common Property contemplated to be sold or abandoned. Any such notice shall be provided in a manner to be determined by the Board of Directors as reasonably likely to inform interested parties of the Board's consideration of the matter.

Article VIII, Section 3(c). Extent of Members' and Associate Members' Easements.

CURRENT

The rights and easements of enjoyment created hereby with the exception of the rights and easements created in Section 6 of this ARTICLE VIII shall be subject to the following:

(c) the right of the Association to suspend the enjoyment rights of any Member or Associate Member for any period during which any assessment, service or use charge, remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and

PROPOSED

Extent of Members' and Associate Members' Easements. The rights and easements of enjoyment created hereby with the exception of the rights and easements created in Section 6 of this ARTICLE VIII shall be subject to the following:

(c) the right of the Association to suspend the enjoyment rights of any Member or Associate Member for any period during which any assessment, service charge, or use charge remains unpaid, and for the period during the existence and continuance of any infraction of its published rules and regulations beginning thirty (30) days after written notice of the infraction is provided to the Owner; and

Article VIII, Section 3(i). Extent of Members' and Associate Members' Easements.

CURRENT

Section 3. Extent of Members' and Associate Members' Easements. The rights and easements of enjoyment created hereby with the exception of the rights and easements created in Section 6 of this ARTICLE VIII shall be subject to the following:

(i) the right of the Association to dedicate or transfer all or any part of the Common Properties 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, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless such action shall be approved by a vote of 51% of the votes of each class of membership, and unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken.

PROPOSED

Section 3. Extent of Members' and Associate Members' Easements. The rights and easements of enjoyment created hereby with the exception of the rights and easements created in Section 6 of this ARTICLE VIII shall be subject to the following:

(i) the right of the Association to dedicate or transfer all or any part of the Common Properties 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, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless such action shall be approved by a majority of the votes of the combined Class A Members and the Class B Member who are voting in person or by proxy at a meeting duly called for this purpose, and unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken. For the avoidance of doubt, the separate approval of a majority vote of the Class A Members and a majority vote of the Class B Member shall not be required to approve any action authorized under this Section 3(i) of Article VIII.

Article X, Section 3. Basis and Maximum of Annual Assessments.

CURRENT

From and after January 1, 2014, the annual assessment may be increased each year above the annual assessment for the previous year by a two-thirds (2/3) majority vote of the Board of Directors of the Association, 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 other non-partisan publication evaluating similar information. Unless the annual assessment shall be increased as aforesaid, it shall remain at the rate prevailing for the previous year. Amended effective April 20, 2013.

PROPOSED

Commencing with annual assessments payable for the year beginning January 1, 2020, the annual assessment may be increased each year above the annual assessment for the previous year by a two-thirds (2/3) majority vote of the Board of Directors of the Association, provided, however, that the amount of the increase shall not exceed five percent (5%) of the previous year’s annual assessment. Unless the annual assessment shall be increased as aforesaid, it shall remain at the rate prevailing for the previous year.

Article X, Sections 4-6. Covenant for Maintenance Assessments.

CURRENT

Section 4. Special Assessments for Capital Improvements with Vote of Members. In addition to the annual assessments authorized by Section 3 hereof, the Association may request and levy a special assessment limited in time and specifically for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the water system, the sewer system, and the ways of access for vehicles and roads and streets within The Properties, even though the roads and streets may have been dedicated to the public, and also other capital improvements upon or additions to the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of 51% of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting, duration of the special assessment, and the specifics of the project.

Amended effective August 1, 2013.

Section 5. Increase in Annual Assessment With Vote of Members. The annual assessment may be increased prospectively from the amounts set forth in any year without limitation on the amount of such increase by a majority vote of each class of members voting in person or by proxy at a meeting duly called for such purpose.

Amended effective April 20, 2013.

Section 6. Notice and Quorum for Any Action of Members Authorized Under Sections 4 and 5. Written notice of any meeting of the membership called for the purpose of taking any action authorized under Sections 4 and 5 of Article X hereof shall be sent to all members in good standing not less than 30 days in advance of the meeting. At the first such called meeting the presence of members in good standing or of proxies entitled to cast a majority of all votes of each class shall constitute a quorum. If the required quorum is not present at any meeting another meeting may be called subject to the same notice requirement and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 90 days following the preceding meeting.

Amended effective April 20, 2013.

PROPOSED

Section 4. Special Assessments for Capital Improvements with Vote of Members. In addition to the annual assessments authorized by Section 3 hereof, the Association may request and levy a special assessment limited in time and specifically for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the water system, the sewer system, and the ways of access for vehicles and roads and streets within The Properties, even though the roads and streets may have been dedicated to the public, and also other capital improvements upon or additions to the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of the combined Class A Members and the Class B Member who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting, duration of the special assessment, and the specifics of the project.

Section 5. Increase in Annual Assessment With Vote of Members. The annual assessment may be increased prospectively from the amounts set forth in any year without limitation on the amount of such increase by a majority vote of the combined Class A Members and the Class B Member voting in person or by proxy at a meeting duly called for such purpose.

Section 6. Notice and Quorum for Any Action of Members Authorized Under Sections 4 and 5. Written notice of any meeting of the membership called for the purpose of taking any action authorized under Sections 4 and 5 of Article X hereof shall be sent to all members in good standing not less than 30 days in advance of the meeting. At the first such called meeting the presence in person or by proxy of members in good standing entitled to cast a majority of the votes of the combined Class A Members and the Class B Member shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 90 days following the preceding meeting. For the avoidance of doubt, the separate approval of a majority vote of the Class A Members and a majority vote of the Class B Member shall not be required to approve any action authorized under Section 4 or 5 of this Article X.

Article XI, Section 1. Architectural Control Committee.

CURRENT

Section 1. Review by Committee. No building, fence, wall or other structure shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alternations therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of Developer, or by an Architectural Control Committee composed of three or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within 45 days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

PROPOSED

Section 1. Review by Committee.

(a) No building, fence, wall or other structure shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alterations therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Board of Directors of the Association, or by an Architectural Control Committee composed of three or more representatives appointed by the Board of Directors.

(b) Applications for construction or alteration shall be approved or denied based upon compliance with the provisions of the Protective Covenants promulgated under Article XIII below, and overall quality of design. If the Architectural Control Committee rejects an application due to overall design quality, despite compliance with the Protective Covenants, the Architectural Control Committee shall make suggestions for improving the design. The Architectural Control Committee may occasionally grant a variance from the Protective Covenants based on existing topographical or landscape conditions, existing trees, accessibility needs or architectural merit, and any such variance must be in

writing. Approval of a variance does not constitute a precedent for other applications and such requests may be arbitrarily denied.

(c) In the event the Board of Directors of the Association, or the Architectural Control Committee, fails to approve or disapprove such design and location within 45 days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

(d) The Architectural Control Committee may establish forms, rules, and procedures for the review of plans and specifications, and for appeals from decisions made pursuant to the rules and procedures. The rules and procedures may require payment by the applicant of review costs and fees to be established by the Architectural Control Committee and approved by the Board of Directors. The Architectural Control Committee may delegate to employees of the Association the authority to perform tasks as more particularly set out in the Protective Covenants. Any rules and procedures proposed by the Architectural Control Committee for purposes set out in this Section 1 shall be submitted to and approved by majority vote of the Board of Directors of the Association.

Article XIV, Sections 1 & 6. Duration.

CURRENT

The Covenants and Restrictions of the original Declaration and this amended Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a term of seven (7) years from the effective date of this amended Declaration after which time said covenants shall be automatically extended for successive periods of seven (7) years unless an amendment is approved by the affirmative vote of two-thirds of those voting at an election called for such purpose. A majority of all lots or living units whose Owners are in good standing shall constitute a quorum. An Owner in good standing shall mean a property owner current (no more than 60 days delinquent) in payment of all assessments, service and use charges and not under any suspension of enjoyment rights. Provided, however, that no such amendment shall be effective unless made and recorded one year in advance of the effective date of such change and unless written notice of the proposed amendment is sent to every owner at least forty five days in advance of any action taken.

Amended effective April 20, 2006.

PROPOSED

Article XIV, Section 1. Duration. The Covenants and Restrictions of the original Declaration and this amended Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a term of seven (7) years from the effective date of this amended Declaration after which time said covenants shall be automatically extended for successive periods of seven (7) years unless an instrument terminating the Declaration is approved by the affirmative vote of two-thirds of those voting at an election among Lot and Living Unit Owners called for such purpose in which a quorum (as defined in this section below) cast votes. Owners of a majority of Lots and Living Units who are in good standing shall constitute a quorum. An Owner in good standing shall mean a property owner current (no more than 60 days delinquent) in payment of all assessments, service and use charges and not under any suspension of enjoyment rights. Votes may be cast personally or by proxy, with any vote cast by proxy accompanied by a copy of such proxy granting

the authority, and may be submitted by personal delivery, U.S. Mail and, if permitted by law, electronic means. The Association shall implement and employ reasonable procedures to confirm the authenticity of all such votes. To be effective, the instrument terminating the Declaration shall (a) be recorded in the real estate records of Garland County and Saline County, Arkansas prior to the date of the automatic extension, (b) be signed by the Chair or Vice Chair, and the Secretary of the Association, and (c) include a certification that (i) the instrument was approved by the required number of votes, and (ii) written notice of the proposed termination was sent to every Owner at least forty five days in advance of the final date on which votes were accepted.

Article XIV, Section [6]. Amendment. This Declaration may be amended at any time by an instrument signed by the Chair or Vice Chair, and the Secretary of the Association setting out such amendments (whether one or more) and certifying (i) approval of such amendments by the affirmative vote of two-thirds of those voting at an election among Lot and Living Unit Owners called for such purpose in which a quorum (as defined in this section below) cast votes, and (ii) written notice of the proposed amendments was sent to every owner at least forty five days in advance of the final date on which votes were accepted. Owners of a majority of Lots and Living Units who are in good standing shall constitute a quorum. An Owner in good standing shall mean a property owner current (no more than 60 days delinquent) in payment of all assessments, service and use charges and not under any suspension of enjoyment rights. Votes may be cast personally or by proxy, with any vote cast by proxy accompanied by a copy of such proxy granting the authority, and may be submitted by personal delivery, U.S. Mail and, if permitted by law, electronic means. The Association shall implement and employ reasonable procedures to confirm the authenticity of all such votes.

Articles of Incorporation Amendment

OVERVIEW

Hot Springs Village Property Owners Association (HSVPOA) was originally incorporated in 1970 under the Arkansas Nonprofit Corporation Act of 1963, Ark. Code Ann. §4-28-201 et seq. (Old Act). HSVPOA seeks to be governed under the Arkansas Nonprofit Corporation Act of 1993, Ark. Code Ann. § 4-33-101 et seq. (New Act). The New Act addresses many questions that were unanswered by the Old Act, provides clear and complete rules for corporate governance and action, and establishes modern standards of conduct for directors and officers. Incorporation under the Nonprofit Corporation Act of 1993 requires approval by a majority vote of the members. Upon member approval, HSVPOA will file the Certificate of Amendment and Amended and Restated Articles of Incorporation under the Nonprofit Corporation Act of 1993.