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Brenda DeShields-Circuit Clerk
Benton County, AR
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Total Fees: \$ 38.00

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**DECLARATION OF COVENANTS OF ASSURANCE
AND RESTRICTIONS OF THE SUNSET RIDGE SUBDIVISION
TO THE CITY OF SPRINGDALE, ARKANSAS**

KNOW ALL MEN BY THE PRESENTS:

WITNESS:

WHEREAS, the undersigned (herein referred to as Developer) is now the owner of all of property referenced in Exhibit A, attached hereto and incorporated herein, which property has been subdivided into the lots of the Sunset Ridge Subdivision and is reflected upon a plat of said subdivision which plat has been recorded and filed in the Plat Records of Benton County, Arkansas, in the office of the Circuit Clerk and Ex-Officio Recorder of Benton County, Arkansas, and bears document number 2004 1221 and which plat is made a part of this Declaration, by reference, and this Declaration is likewise made a part by reference of said plat;

NOW, THEREFORE, the Developer declares that the real property described herein, and the soon-to-be-created lots on such property and in said Sunset Ridge Subdivision are and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth or as hereinafter changed or amended.

ARTICLE I

PROPERTY SUBJECT TO THIS DECLARATION

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

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN.

ARTICLE II

DEFINITIONS

2.1. The following terms as used in this Declaration of Covenants of Assurance and Restrictions are defined as follows:

- a. "Declaration" means this Declaration of Covenants of Assurance and Restrictions for the Sunset Ridge Subdivision to the City of Springdale, Arkansas.
- b. "Property" means the Sunset Ridge Subdivision to the City of Springdale, Arkansas, as the same may be shown on the plat referenced hereinabove and recorded in Benton County, Arkansas.
- c. "Lot" means any numbered Lot designated on the Plat of the property, except as may be herein excepted.

SPR-217

- d. "Plat" means the map of the plat of the Sunset Ridge Subdivision to the City of Springdale, Arkansas, as it is recorded.
- e. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot subject to this Declaration, except that such term shall not mean Developer regardless of whether Developer has a fee simple interest in any lot.
- f. "Developer" shall mean and refer to Red Canyon Development, LLC, or any combination thereof as the context suggests.
- g. "Subdivision" shall mean the Sunset Ridge Subdivision to the City of Springdale, Arkansas, as per plat on file in the office of the Circuit Clerk, and Ex-Officio Recorder of Benton County, Arkansas.
- h. "Association" shall mean and refer to the Sunset Ridge Homeowners Association, organized and existing pursuant to the laws of the State of Arkansas.
- i. "Common Properties" shall mean and refer to those real properties owned by or hereafter acquired by the Association, including, but not limited to, the Detention Basins as the same are shown on the Plat. Common properties are intended to be devoted to the common use and enjoyment of owners of the properties.
- j. "ARC" shall mean and refer to the Architectural Review Committee as established and maintained by the Association. Initially the ARC shall consist of Tim Graham, Darin Riggins, and Kevin Riggins.

ARTICLE III

RESTRICTIONS ON RESIDENTIAL LOTS

3.1. Fences: Only fences constructed of wood shadow box or wrought iron may be installed. There shall be no other fences allowed. In no event shall any fence be built which would detract from the appearance or obstruct visibility of the entry signs to the Property. All privacy fences shall be constructed so that the framing shall be toward the inside of the owner's Lot and shall be constructed at a height of six (6) feet to maintain uniformity. Any fence, once constructed, must be maintain by the property owner who had it constructed or their successor-in-interest.

3.2. Nuisances: No noxious or offensive activities or nuisances shall be permitted on any Lot or Parcel.

3.3. Signs: No person shall erect or maintain upon any Lot, or improvement thereto,

any sign or advertisement, except a real estate sign when the property is listed for sale, provided, however, that this restriction shall not apply to Developer during development and construction of the Subdivision.

3.4. Animals: No animals shall be kept or maintained on any Lot except the usual household pets which shall be kept reasonably confined so as not to become a nuisance and all Owners shall comply with applicable laws, ordinances and regulations concerning animals.

3.5. Garbage and Refuse Disposal: No Owner shall accumulate on his or her Lot litter, refuse or garbage, except in approved receptacles. All Owners shall be required to have a mandatory trash pick up as provided or required by the City of Springdale, Arkansas.

3.6. Limited Access: There shall be no access to any Lot on the perimeter except from designated streets or roads within the Subdivision.

3.7. Drilling and Mining: No drilling, refining, quarrying or mining operations of any kind shall be permitted on any Lot.

3.8. Communication Towers and Satellite Dishes: No communications mast, tower, or structure may be installed on any Lot, except that satellite dishes may be installed only on the rear roof of a dwelling and shall not exceed the height of the lowest roof ridge line of such dwelling.

3.9. Parking on the Streets: No vehicles may be parked overnight in the streets of the Subdivision. Owners shall provide sufficient off-street parking to accommodate the vehicles used by their families and guests. Furthermore, no semi-trailer trucks or commercial vehicles shall be allowed to park in the Subdivision, either on the streets or on the Lots, provided, however, that this restriction shall not apply to Developer during construction and development of the Subdivision.

3.10. Structures other than Dwellings: No trailer, mobile home, tent, shack, or other unsightly building or structure, temporary or permanent, shall be erected or used on said lots. However, it is permissible to have a storage building in the rear yard of a Dwelling provided that the square footage of such storage building does not exceed 250 square feet and is constructed of a material that complements the Dwelling which it accompanies. Further, before any such storage building can be constructed, the Owner must submit plans to the Association's ARC for its approval. The restrictions contained in this section shall not apply to the Developer during construction and development of the Subdivision.

3.11. Recreational Vehicles and Boats: Recreational and camping vehicles, trailers and boats may not be stored and parked on the Lots.

3.12. Minimum Square Footage: All Dwellings in the Subdivision shall have a minimum of three thousand (3,000) square feet of heated area. The minimum square footage requirements is exclusive of garages, porches, patios and decks.

3.13. Restriction of Type of Dwelling: There shall be no Dwellings erected on any Lot other than a detached single family dwelling having at least a two-car enclosed garage with entrances from the side, not the front. The garage may be detached but the exterior materials must be the same as is used on the dwelling.

3.14. Approval of Plans by ARC: All plans for improvements to be constructed on each Lot shall be first submitted for review and approval by the ARC. Approval by the ARC must be obtained in writing before construction of any improvement on any Lot begins and any variances to the improvement initially approved must be authorized in writing by the chairman of the ARC.

3.15. Exterior of Dwellings: The exterior of all Dwellings erected on the Lots shall be of a masonry veneer construction to the extent that the exterior of each such Dwelling is at least sixty percent (75%) masonry veneer, excluding windows and doors. Stucco-like, EIFS materials may be used on dwellings below the plate line if approved by the ARC. There shall be no man-made siding, such as masonite, metal, vinyl, etc., however, such siding restrictions shall not apply to gables or the rear elevation of the dwelling (i.e. the opposite side of the dwelling from that which faces the street), except that no walls may be covered with horizontal pattern vinyl, only "shake" style vinyl may be applied. All roof pitches shall be a minimum of 10/12 pitch. Any composition roof on any dwelling in the subdivision shall be a 25 year architectural shingle roof and must have a minimum 300 pound architectural design. Notwithstanding the foregoing, however, a waiver may be granted by the ARC, in its sole discretion, to the exterior restrictions herein contained for any particular Dwelling prior to the construction thereof.

3.16. Lot maintenance and sod: All Lots shall be maintained, mowed and kept free of noxious weeds whether they be improved or unimproved. Further, upon construction of a dwelling, the Owner shall sod the lawn area of the Lot from the front of such dwelling to the curb line, provided, however, that this section shall not apply to Developer during construction and development of the Subdivision.

3.17. Platted easements: All Lots are subject to easements that are shown on the Plat, including, but not limited to, easements for fences and entry signs.

3.18. Covenants to Run with the Land: All covenants and restrictions set forth in this Declaration are to run with the land and shall be binding on all parties, their successors, heirs and assigns, for a period of thirty (30) years from the date this Declaration is recorded; provided, however, that after a period of five (5) years from the date this Declaration is recorded, the covenants and restrictions may be amended at any time by the record owners of at least sixty (60) percent of the total Lots in the Subdivision. Such amendments shall be made and executed by said record owners so as to be recorded with the registrar of deeds of Benton County, Arkansas.

Provided, further, that after the expiration of the thirty (30) year period set forth above and any time within six (6) months from said expiration, a majority of the Lots, through their record owners, may express their intention, in writing, so drafted and executed as to be recorded

with the registrar of deeds in Benton County, Arkansas, that they no longer care for the covenants, and the same shall then be terminated. In the event that no action is taken within the prescribed time, this Declaration shall continue for additional periods of ten years, and for any such ten year period, said covenants may be terminated in accordance with the terms for the original termination. It is further provided that this Declaration may be amended after the expiration of the time periods as set forth in this paragraph, either by adding to or taking from said Declaration in their present form, providing that said amendment or amendments shall be incorporated in a written instrument executed by no less than a majority of the Lots, through their record owners, and which instrument shall be capable of being recorded as above referred to under the same terms and conditions thereof.

ARTICLE IV

HOMEOWNERS ASSOCIATION AND COVENANT AND PLAN FOR MAINTENANCE AND OTHER ASSESSMENTS

4.1. Homeowners Association: The Sunset Ridge Homeowners Association (referred to herein as "Association") has been or will be formed as an unincorporated association. All Lot Owners must be members of the Association and each shall automatically become a member of the Association upon the conveyance of a lot to him or her. The Association shall be governed by By-Laws accepted and approved by the Association.

All association memberships will pass with Lot ownership in the Subdivision. All Lots will carry one (1) vote in the Association, except that the Developer shall have four (4) votes per Lot which Developer owns.

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

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

Subdivision.

4.4. Basis and Maximum of Annual Assessments: The annual assessment for each lot shall be ~~35.00~~. An Owner's first such assessment shall be prorated and paid to the Association at closing according to time of conveyance of a Lot to the Owner. The annual assessment may be increased, as hereinafter provided, by a majority vote of the votes entitled to be cast by the members of the Association for the next succeeding "assessment year" (beginning January 1) and at the end of each such period of one year for each succeeding period of one year. At no time shall the annual assessment per lot be increased more than twenty-five percent (25%) above the prior year's annual assessment. Said annual assessment shall be payable in advance on the 1st day of January each year. The Board of Directors may, after consideration of current maintenance costs and future needs of the Association, fix the actual assessment for any year at a lesser amount.

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

4.6. Change in Basis of Maximum of Annual Assessments: Subject to the limitations of § 4.4 hereof, and for the purposes therein specified, the Association may change the maximum and basis of the assessments fixed by § 4.4 hereof prospectively for any such period, provided that any such change shall have the assent of 2/3 of the votes entitled to be cast by members who are voting in person or by proxy, at a meeting duly called for this purpose, where a quorum is present, written notice of which shall be mailed to all members at the last known mailing address of each voting member at least fifteen (15) days in advance and shall set forth the purpose of the meeting.

4.8. Quorum for any Action Authorized Under Sections 4.5 and 4.6: The quorum of any action authorized by Sections 4.5 and 4.6 hereof, the presence at the meeting of members, or of proxies, entitled to cast fifty percent (50%) of all votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in sections 4.5 and 4.6.

4.9. Late Payment of Assessments: As hereinabove provided, each annual assessment shall be due and payable on the 1st day of January of each year. In the event of default as to any payment (annual or special), and if the default is not remedied within ninety (90) days, the Association shall have the option of taking such action as permitted by law or equity and by this Declaration and the By-laws of the Association. An additional late charge of

ten percent (10%) shall be assessed on any payment which is more than ninety (90) days

delinquent. Costs of collection of the assessment, including reasonable attorney's fees therefor, shall also be assessed.

The due date of any special assessment under § 4.5 hereof shall be fixed in the resolution of the members of the Association authorizing such assessments, with the same option on the part of the Association in the event of default.

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

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

4.11. Effect of Non-Payment of Assessment and the Lien Remedies of the Association:

If the assessments (annual or special) are not paid on the date when due, then such assessment shall become delinquent as provided in § 4.4 hereof and shall, together with such interest, late charges thereon and costs of collection thereof as herein provided, thereupon become a continuing lien on the lot which shall bind such lot in the hands of the then owner, its successors, heirs, devisees, personal representatives and assigns. If the assessment is not paid as provided herein, it shall bear interest from date of delinquency at the maximum rate of interest allowed by law, not to exceed ten percent (10%) per annum, and the Association may foreclose the lien against said lot, and there shall be added to the amount of such assessment the cost of attorney fees in connection with any court proceedings arising therefrom, together with all court costs, late charges and expenses incurred by the Association.

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

4.13. Suspension of Rights of Membership: Prior to the foreclosure of any lien upon any lot subject to this Declaration, the Board of Directors of the Association may elect to suspend all membership rights of any member or members of the Association who are delinquent

in any payment due to the Association for more than thirty (30) days, with such suspension to continue for so long as any such delinquency exists. Further, the Board of Directors may suspend membership rights for a period not to exceed thirty (30) days for the infraction of any rules or regulations by the member, family of the member or guest of the member, relating to the use of any of the common properties. Suspension of membership rights shall be effective from the date that notice of suspension is mailed to the member via U.S. Certified mail, return receipt requested, postage prepaid, to the last known address of the said member.

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

ARTICLE V

PROPERTY RIGHTS OF THE COMMON PROPERTIES

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

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

- a. The right of the Association to borrow money for the purpose of acquiring, constructing, improving and maintaining the common properties and in aid thereof to mortgage said properties or execute a deed of trust or other instrument covering said properties. In the event of default upon any such mortgage, the lender shall have a right, after taking possession of such properties, to charge service or use charges, admission and other fees as a condition to continued enjoyment by the members, and if necessary to have other relief as permitted by law; and,
- b. The right of the Association to take such steps as are reasonably necessary

to protect the above-described properties against foreclosure; and,

c. The right of the Association to suspend or permanently cancel the rights of any member and membership in the Association; and,

d. The right of the Association to charge reasonable service or use charges, admission and other fees for the use, service and enjoyment of the common properties; and,

e. The right of the Association to limit the number of members per lot who may be entitled to the benefit of the easement of enjoyment as to the common properties by reason of ownership of a lot; and

f. The right of individual members to have exclusive use of any of the common properties as from time to time may be granted by the Board or its designate;

g. The right of the Association to pass and enforce rules and regulations related to use, control and maintenance of the common properties and the areas situate thereon.

ARTICLE VI

MISCELLANEOUS

6.1. Violations: If the parties hereto, or their heirs, successors or assigns or any other person shall violate or attempt to violate any of the covenants or restrictions herein while said covenants or restrictions are still in force, it shall be lawful for any person or persons owning any interest in any Lot or Lots in the Subdivision, as well as the Association, to prosecute any violation or attempted violation of any such covenant or restriction, either to prevent the person from doing so or to recover damages or other penalties and costs, including reasonable attorney's fees for such violation.

6.2. Notices: Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

6.3. Additional Phases: The Developer reserves, unto itself, the right, without joinder or consent of any Owner, Builder or Mortgagee, to file additional plats in the office of the Circuit Clerk and Ex-Officio Recorder of Benton County, Arkansas to add additional phases which shall be subject to this Declaration.

6.4. Severance: Invalidation of any one of these covenants by judgment or court

order shall, in no way, affect any other provisions herein contained.

6.5. Waiver: Failure of any of the parties, their heirs, successors or assigns, to exercise any of the options contained herein upon breach by the other party, its heirs, successors or assigns, subject to this Declaration, shall not constitute a waiver of that party's right to exercise such option upon future breach.

IN WITNESS WHEREOF, the undersigned have set their hands and seals this 29 day of OCTOBER, 2004.

DEVELOPER:

RED CANYON DEVELOPMENT, L.L.C.

By: [Signature]
Tim Graham, Member

By: [Signature]
Darin Riggins, Member

By: [Signature]
Kevin Riggins, Member

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ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF WASHINGTON)

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting, appeared in person the within named Tim Graham, Darin Riggins and Kevin Riggins to me personally known, who stated that they were Members of Red Canyon Development, L.L.C., and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said limited liability company, and further stated and acknowledged that they had so signed, executed and delivered said instrument for the consideration, uses and purposes therein mentioned and set forth.

Witness my hand and seal as such Notary Public this 29 day of OCTOBER, 2004.

My Commission Expires
OFFICIAL SEAL
DONNA J. STEWART
NOTARY PUBLIC-ARKANSAS
WASHINGTON COUNTY
MY COMMISSION EXPIRES: 05-21-12

[Signature]
Notary Public

**EXHIBIT "A" TO
DECLARATION OF COVENANTS OF ASSURANCE
AND RESTRICTIONS OF THE SUNSET RIDGE SUBDIVISION**

A part of the Northwest ¼ of the Northwest ¼ of Section 17, Township 18 North, Range 30 West, Benton County, Arkansas, more particularly described as follows:

Beginning at the Northwest corner of the Northwest ¼ of said Section 17; thence along the North line of said Northwest ¼ S86°54'44"E 1318.29 feet to the East line of the Northwest ¼ of the Northwest ¼ of said Section 17; thence along the East line of said Northwest ¼ of the Northwest ¼ S02°20'28"W 1316.06 feet to the Southeast corner of the Northwest ¼ of the Northwest ¼ of said Section 17; thence along the South line of said Northwest ¼ of the Northwest ¼ N86°45'15"W 576.69 feet to the centerline of Wagon Wheel Road; thence along said centerline the following five courses: N52°37'02"W 236.47 feet; thence N53°38'48"W 235.47 feet; thence N54°15'39"W 279.86 feet; thence N57°30'03"W 90.84 feet; thence N61°49'14"W 45.25 feet to the West line of the Northwest ¼ of said Section 17; thence N02°21'06"E 837.23 feet to the Point of Beginning, containing 35.6 acres, more or less. Subject to any easements, covenants or restrictions of record or fact. Also subject to the right-of-way of Ziegler Road along the West and North sides thereof.

2004 52879

Recorded in the Above

Deed Book & Page

11-12-2004 10:39:56 AM

Brenda DeShields-Circuit Clerk

Benton County, AR

Benton County, AR

I certify this instrument was filed on

11-12-2004 10:39:56 AM

and recorded in Deed Book

2004 at pages 52869 - 52879

Brenda DeShields-Circuit Clerk

Brenda DeShields-Circuit Clerk
Benton County, AR
Book/Pg: 2008/25740
Term/Cashier: CASH2/SWINZENBURG
07/07/2008 12:09:20PM
Tran: 41928
Total Fees: \$55.00
Book 2008 Page 25740
Recorded in the Above
DEED Book & Page
07/07/2008

ARTICLES OF ASSOCIATION AND BYLAWS

OF

THE SUNSET RIDGE SUBDIVISION PROPERTY OWNERS' ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS: That,

Whereas, Red Canyon Development, L.L.C., ("Grantor") has, by Declaration of Covenants of Assurance and Restrictions ("Declaration"), of record at Document No. 2004-52869 in the official records of the Circuit Court Clerk and Ex-Officio Recorder of Benton County, Arkansas, created a Subdivision known as The Sunset Ridge Subdivision (the "Subdivision"); and

Whereas, the Declaration provides that the administration of the affairs of the Subdivision will be through a not-for-profit association of property owners in the Subdivision; and

Whereas, these Articles and Bylaws constitute the non-profit association which has been formed for the purposes set forth above; now

THEREFORE, WITNESSETH, THESE ARTICLES AND BYLAWS:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1. "Board": The term "board" as used herein shall mean the Board of Directors of the Association which term shall also include the Board of Administration of the Subdivision as the context may require. The term is used interchangeably and there is but one such Board which is hereby declared to have all the powers and duties of a Board of Directors of a non-profit association as well as all powers and duties of the Board of Administration as that term is used in these Bylaws.

SECTION 2. "Director": The term "director" as used herein shall mean a member of the Board of Directors (Administration).

SECTION 3. "Member(s)" and "Membership": The term "member(s)" and "membership" as used herein shall mean the owners of lots in the Subdivision, and are also referred to as "owners" herein. It is hereby declared that there is but one such group composed of the same identical persons, firms, corporations, and/or governmental entities.

ARTICLE II NAME

SECTION 1. This association shall be known as "The Sunset Ridge Subdivision Property Owners' Association." It is an Arkansas not-for-profit association.

ARTICLE III
PURPOSE

SECTION 1. The nature of the business of the Association and the objects or purposes proposed to be transacted, promoted, or carried on by it are those items reasonably necessary, appropriate, or required by the Declaration for The Sunset Ridge Subdivision for the maintenance, care and governance of The Sunset Ridge Subdivision.

ARTICLE IV
PERIOD OF EXISTENCE

SECTION 1. This Association shall exist so long as The Sunset Ridge Subdivision remains in existence, and shall be dissolved only at such time as the Subdivision is dissolved.

SECTION 2. The principal offices of the Association shall be initially located at 7003 Sunset Ridge Circle, Springdale, AR 72762.

ARTICLE V
BOARD OF DIRECTORS

SECTION 1. General Powers. The management of all the affairs of the Association and of the Subdivision shall be vested in a Board of Directors (Administration) which, subject to the restrictions imposed by law, by the Declaration, and by these Articles and Bylaws for the Subdivision, may exercise all the powers of the Association and of the Subdivision.

SECTION 2. Number, Term, Quorum. The number of members of the Board of Directors shall be at least three (3). Each Director shall be a natural person and shall be or shall represent an owner of a Unit in the Subdivision; and further provided that the initial Board consisting of three (3) members shall serve until their successors qualify, but in any event for a term no longer than three (3) years.

A majority of the Directors shall constitute a quorum for the transaction of business. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained and no further notice thereof need be given other than by announcement at said meeting which shall be so adjourned.

SECTION 3. First Meeting. The newly elected Directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the Membership or the time and place of such meeting may be fixed by consent in writing by a majority of all of the Directors.

SECTION 4. Election of Officers. At the first meeting, or at any subsequent meeting called for the purpose, the Directors shall elect a President from their number, a Secretary and a Treasurer, the latter two of which need not be Directors. Such officers shall hold office until the next election of officers and until their successors are elected and qualify. A person may be elected to hold one or more of the above mentioned offices simultaneously except that the offices of the President and Secretary may not be held by the same person simultaneously.

SECTION 5. Regular and Special Meetings. Regular meetings of Directors may be held with or without notice at such places and times as shall be determined from time to time by resolution of the Directors. Special meetings of the Board may be called by the President or by the Secretary or upon call of any two (2) Directors on at least one day's notice to each Director.

SECTION 6. Place of Meetings. The Directors may hold their meetings and have one or more offices and keep the books of the Association and of the Subdivision inside Benton County, State of Arkansas, at any office or offices of the Association or of the Subdivision.

SECTION 7. Specific Powers of Board of Directors. Without in any way limiting the general powers hereinabove granted to the Board of Directors, it is hereby expressly declared that the Board shall have the following powers, to-wit:

- (a) preparation and adoption of annual budget in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, or as determined by the Board of Directors;
- (c) providing for the operation, care upkeep and maintenance of all of the Common Areas;
- (d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the Board of Directors' best business judgment;
- (f) recommending rules and regulations for vote of the membership;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents accountants or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting practices;

(m) make available to any prospective purchaser of a Lot, and owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot, and all other books, records and financial statements of the Association; and

(n) permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties.

SECTION 8. Compensation of Board of Directors. Members of the Board shall not receive any salary for their services as Directors.

ARTICLE VI MEMBERSHIP

SECTION 1. Council of Members. Every owner of a lot in the Subdivision shall be a Member of the Association (and shall be deemed to be a "Member" with respect to each such lot owned by that owner).

SECTION 2. Place of Holding Meetings. All meetings of the Membership shall be held at the Subdivision, unless written notice of another place for meeting is given on the meeting notice.

SECTION 3. Annual Election of Board of Directors. The annual meeting of the Membership for the transaction of business shall be held on the 15th day of May, in each year after the year 2008. If this date shall fall upon a legal holiday, the meeting (after the year 2008) shall be held on the next day following same. At the meeting the members entitled to vote shall by plurality vote, by public ballot if requested by any member, and transact such business as shall be stated in the notice of the meeting.

No change of time or place of the annual meeting as fixed by the Bylaws, shall be made within thirty (30) days before the day on which such meeting is to be held. In case of any change in such time or place for such meeting, notice thereof shall be given to each Member entitled to vote, in

person or by letter mailed to his last known post office address, forty (40) days before the election is held.

SECTION 4. Voting. Each Member shall be entitled to vote in person or by proxy a number of votes equal to the percentage of ownership in the subdivision. No proxy shall be voted after eleven months from its date unless such proxy provides for a longer period. Each lot must cast its vote as a unit even though there may be more than one owner of an interest in said lot. No votes representing a division or fractional part of the vote attributable to a single lot shall be counted. Upon the demand of any Member the vote upon any question before the meeting, shall be by ballot. All elections shall be had and all questions decided by plurality vote except as otherwise provided by these Bylaws and the State of Arkansas.

SECTION 5. Quorum. Except as provided in the next section hereof, any number of Members together owning Units having at least fifty-one percent (51%) of the basic value of the Subdivision (as set forth in the recorded Declaration) who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business.

SECTION 6. Adjournment of Meeting. If less than a quorum shall be in attendance at any time for which the meeting shall have been called, the meeting may, after the lapse of at least half an hour, be adjourned from time to time by a majority of the Members present or represented and entitled to vote thereat, and no further notice thereof need be given other than by announcement at said meeting which shall be so adjourned.

SECTION 7. Special Meetings. Special meetings of the members for any purpose or purposes may be called by the President or Secretary, and shall be called upon a requisition in writing, stating the purpose or purposes thereof, delivered to the President or Secretary, signed by a majority of the Board of Directors or by fifty-one percent (51%) of the owners entitled to vote, or by resolution of the Board of Directors.

SECTION 8. Notice of Special Members' Meeting. Written or printed notice, stating the place and time of the meeting, and the general nature of the business to be considered, shall be given by the President or Secretary to each post office address, at least two days before the special meeting.

ARTICLE VII OFFICERS

SECTION 1. The officers of the Association (who shall also serve in the same capacity as officers of the Subdivision) shall be a President, a Secretary, a Treasurer, and such other officers as may from time to time be elected or appointed by the Board of Directors. One person may hold one or more of the officer positions of the Association except that one person shall not serve simultaneously both as President and Secretary.

SECTION 2. Duties. The President, when present, shall preside at all meetings of the Board of Directors and at all meetings of the Membership. The President and the other officers of the

Association shall have such other powers, duties, and responsibilities as the Board of Directors may, from time to time, fix and declare by resolution.

SECTION 3. Treasurer's Bond. If required by the Board, the Treasurer shall give bond with a reputable corporate surety for the faithful discharge of his duties in such amount as the Board may prescribe. The premium for said bond shall be a general expense of the Subdivision.

SECTION 4. Resignations, Filling of Vacancies, Increase of Number of Directors. Any Director or officer may resign at any time by written resignation which shall take effect at the time specified therein or, if no time be specified, upon receipt of same by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective. If the office of any Director or officer becomes vacant, the remaining directors in office, no less than a quorum, may appoint any qualified person to fill such vacancy, which person shall hold office for the unexpired term and until his successor shall be duly chosen. The number of members of the Board may be increased or decreased at any time by the affirmative vote of a majority of the Board or by the affirmative vote of a majority of the lot owners at a regular meeting or at a special meeting called for that purpose, and, by like vote, the additional Director may be chosen at such meeting to hold office until the next election and until his successor is elected and qualified.

ARTICLE VIII MANAGEMENT AGREEMENT

SECTION 1. The Association may, upon the approval of fifty-one percent (51%) of the Owners who cast a ballot, delegate the power of the Association to determine the budget, make Assessments and collect Assessments to a management company. The Association shall make such delegation of its power through the execution of a management agreement with the management company.

SECTION 2. Each Owner and his heirs, successors and assigns, by acquiring title to such lot or executing a contract therefore, shall be deemed to:

A. Adopt, ratify, confirm and consent to the execution of the management agreement by the Association.

B. Adopt, ratify, confirm and approve each and every provision of the management agreement as may be executed by the Association and acknowledge that all of the terms and provisions thereof are reasonable.

C. Covenant and promise to perform each and every covenant, promise and undertaking to be performed by Owners as provided in the management agreement.

D. Recognize that some or all of the Persons comprising the Board may be stockholders, officers and directors of the management company and acknowledge that such circumstances shall not and cannot be construed or considered as a breach of their fiduciary duties

and obligations to the Association or as possible grounds to invalidate the management agreement, either in whole or in part.

E. Agree that the Persons acting as officers and directors of the Association entering into such management agreement have not breached any of their duties or obligations to the Association.

F. Adopt, ratify, confirm and consent to the acts of the Persons acting as officers and directors of the Association in entering into the management agreement.

ARTICLE IX INSURANCE

SECTION 1. The Board, for the benefit of the Members, may acquire and pay for, out of the common expense fund hereinafter provided for, insurance of such types, affording such coverage, and in such amounts as the Board shall determine to be reasonably necessary for the protection of the Subdivision, its property, and the Members.

SECTION 2. The Board shall have the authority, if it sees fit, to obtain:

- (a) A policy or policies of fire insurance with extended coverage endorsement;
- (b) A policy or policies insuring the Board and the owners against any liability to the public or to the owners of lots and their invitees, or tenants, incident to the ownership and/or use of the Subdivision, or any part thereof or Unit therein, and including the personal liability exposure of the individual owners;
- (c) Workman's compensation insurance, if applicable, to the extent necessary to comply with any applicable law;
- (d) Insurance obtained by the Board shall, insofar as is possible and practicable, be administered by the Board and governed by the following provisions:
 - (1) All policies shall be written with a company licensed to do business in the state of Arkansas, and holding a rating of "AAA" or better by Best's Insurance Reports;
 - (2) Exclusive authority to adjust losses under policies hereafter in force in the Subdivision shall be vested in the Board or its authorized representatives;
 - (3) In no event shall the insurance coverage obtained and maintained with the Board hereunder, be brought into contribution with insurance purchased by individual owners or their mortgagees.

ARTICLE X

COMMON EXPENSES ASSESSMENTS

The terms governing assessments of the Members of the Subdivision are set out in Article IV of the Declaration. Such provisions are incorporated word for word and ratified herein.

ARTICLE XI ARCHITECTURAL REVIEW COMMITTEE

SECTION 1. The initial Architectural Review Committee consisted of Tim Graham, Darin Riggins, and Kevin Riggins. The Board shall appoint persons willing to serve on the committee as needed. Three (3) persons shall serve on the committee, and their tenure shall be three (3) year terms. A person is eligible for reappointment for additional three (3) year terms. If a committee member resigns, dies or is unable or unwilling to carry out his or her duties, the Board shall immediately replace the person for the remainder of his or her three (3) year term.

SECTION 2. The Committee shall review all plans for construction and improvements on each lot. Such plans must be approved by the Architectural Review Committee as set out in paragraphs 3.14 and 3.15 of the Declaration. Such provisions are incorporated word for word and ratified herein.

ARTICLE XII PROHIBITION AGAINST ALTERATIONS, CHANGES, ETC.

No owner shall, without first obtaining written consent of the Architectural Review Committee, make or permit to be made any structural alteration, improvement, addition, or other alteration in or to his or her house or structures.

ARTICLE XIII RATIFICATION, ACCEPTANCE AND INCORPORATION OF DECLARATION OF COVENANTS OF ASSURANCE AND RESTRICTIONS OF SUNSET RIDGE SUBDIVISION

The Declaration of Covenants of Assurance and Restrictions of Sunset Ridge Subdivision, recorded November 12, 2004, at Document No. 2004-52869 of the records of the Benton County Circuit Clerk and Recorder are expressly ratified, accepted and incorporated word for word into these Articles of Association. Should any dispute arise as to whether a provision of the Declaration or these Articles control, the Declaration shall control.

ARTICLE XIV AMENDMENTS

The Membership, by the affirmative vote of the owners of a majority of the lots may, at any meeting, amend or alter any of these Bylaws. Any such amendment shall not be effective until it is filed for record in the office of the Circuit Clerk of Benton County, Arkansas.

ARTICLE XV
CHOICE OF LAW

The provisions of these Articles are governed by the laws of the State of Arkansas. The members agree that jurisdiction over any disputes that arise under these Articles shall rest solely with the courts of the State of Arkansas.

ADOPTED this 3rd day of July, 2008.

Red Canyon Development, L.L.C.

By [Signature]
Tim Graham, Member

By [Signature] member
Darin Riggins, Member

By [Signature]
Kevin Riggins, Member

Book 2008 Page 25748
Recorded in the Above
DEED Book & Page
07/07/2008
Benton County, AR
I certify this instrument was filed on
07/07/2008 12:10:19PM
and recorded in DEED Book
2008 at pages 0025740 - 0025748
Brenda DeShields-Circuit Clerk

ACKNOWLEDGMENT

STATE OF ARKANSAS
COUNTY OF BENTON

On this the 3rd day of July, 2008, before me, a notary public, appeared Tim Graham, Darin Riggins, and Kevin Riggins, to me personally known (or satisfactorily proven), who stated that they were members of Red Canyon Development, L.L.C., an Arkansas limited liability company, and were duly authorized in their capacities to execute the foregoing instrument for and in the name and behalf of said company, and further stated and acknowledged that they had so signed, executed and delivered said instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

[Signature]
Notary Public

My Commission Expires:
05-07-13

