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**CONDOMINIUM BY-LAWS**  
**BY-LAWS OF**  
**JEFFREY WAY COUNCIL OF CO-OWNERS, INC.**

The following By-Laws are hereby adopted to govern the affairs of the Jeffrey Way Council of Co-Owners, Inc. in conjunction with the covenants, restrictions and reservations set forth and contained in the Master Deed for Jeffrey Way, which Master Deed is being filed contemporaneously herewith, with the Recorder for Sebastian County, Arkansas, Fort Smith District.

**ARTICLE I**  
**DEFINITIONS**

Unless it is plainly evidenced by the context that a different meaning is intended, the following words and terms as used herein shall have the following meanings:

(a) "Unit" means an enclosed space consisting of an area as defined in the Master Deed as depicted on the plans (the "plans"), which were filed with the Master Deed.

(b) "Owner" means a person or persons, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof, who or which owns a Unit in Jeffery Way.

(c) "Common Elements" means both the general common elements and the limited common elements, as each is defined in the Master Deed.

(d) "Council of Owners" means all of the Owners as an Association of Co-Owners, and is sometimes referred to as the "Association" or as the "POA".

(e) "General Common Elements" means the land and other improvements described as "general common elements" in the Master Deed.

(f) "Limited Common Elements" means the improvements defined as "limited common elements" in the Master Deed.

(g) "Majority of Co-Owners" means the Owners holding fifty-one percent (51%) or more of the basic value of the property as a whole in accordance with the percentages computed in the provisions of the Master Deed.

(h) "Person" means an individual, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(i) "Property" means and includes the land, the buildings, equipment, structures and all other improvements thereon, and all easements, rights, and appurtenances belonging thereto.

(j) All pronouns used herein include the male, female, and neuter genders and include the singular or plural numbers, as the appropriate case may be, notwithstanding that an inappropriate gender may be used in fact.

## ARTICLE II STATUS OF UNITS WITHIN JEFFERY WAY

An Units in Jeffery Way shall be individually conveyed and encumbered and shall be the subject of ownership, possession or sale and all other legal acts as if it were sold and entirely independent of the other Units in Jeffery Way of which it forms a part, and the corresponding individual titles and interests shall be recordable.

## ARTICLE III JOINT TENANCIES-TENANCIES IN COMMON- TENANCIES BY THE ENTIRETY

Any Unit may be held and owned by more than one person as joint tenants, as tenants in common, as tenants by the entirety, or in any other real estate tenancy relationship recognized under the laws of Arkansas.

## ARTICLE IV OWNERSHIP OF A UNIT-COMMON ELEMENTS-PERCENTAGES

An owner shall have the exclusive ownership of his Unit and shall have a common right to share, with the other owners, in the general common elements of the property and those limited common elements of the property, the use of which is reserved for his Unit equivalent to the percentages assigned by the Master Deed. Percentages as determined in the Master Deed shall have a permanent character, and shall not be altered without the acquiescence of the owners representing all of the Units of Jeffery Way. The basic values as so established shall not prevent each owner from fixing a different value for his Unit in any sale, lease, mortgage or other legal transaction.

## ARTICLE V INDIVISIBILITY OF THE COMMON ELEMENTS

The common elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership.

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**ARTICLE VI  
USE OF THE ELEMENTS HELD IN COMMON**

Except to the extent herein provided, each owner may use the general elements held in common in accordance with the purposes for which they are intended, in common with other owners, without hindering or encroaching upon the lawful rights of the other owners.

**ARTICLE VII  
WAIVER OF JEFFERY WAY**

All of the owners (or any sole owner of all the Units) may waive the Jeffery Way Condominium Regime and re-group or merge the records of the individual Units with the principal property; provided, however, if one or more Units is encumbered, the creditors in whose behalf the encumbrances are recorded must agree to accept as security an undivided portion of the property in lieu of the Unit per se.

**ARTICLE VIII  
CONTROL**

Jeffery Way shall be under the exclusive control and management of the Board of Directors (the "Board"), as hereinafter defined, except to the extent that decisions are reserved for determination by the Council of Owners under the Arkansas Horizontal Property Act (the "Act"), the Master Deed, or these By-Laws.

**ARTICLE IX  
NOTICE OF MEETINGS**

The annual meeting of the Council of Owners shall be held on the first business day in the month of April of each year. Notice of such meeting and of special meetings of the owners shall be given by mail to the owner's address last reflected in the telephone directory or at such address as such owner may have for an Unit in Jeffery Way and shall be mailed not less than ten days nor more than fifteen days prior to the date of the meeting.

**ARTICLE X  
QUORUM**

At any meeting of the Council of Owners, the President or Vice-President, as hereinafter defined, shall preside. The presence at any duly called meeting of owners having at least fifty-one percent (51%) or more of the basic value of the property as a whole and as established in the Master Deed shall constitute a quorum for the conduct of business. Unless otherwise expressly provided in the Act, the Master Deed or these By-laws, any action may be taken at any meeting of the owners upon the affirmative vote of a majority of the voting power of the owners present, which shall be in accordance with their respective percentage of ownership of the total Regime provided

that a quorum is present as provided for herein.

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**ARTICLE XI  
REPORTS**

At the annual meeting of the Council of Owners, the Board shall present an audit of common expenses (unless the Council of Owners shall have unanimously waived the necessity for a formal audit of Jeffery Way's financial affairs). The audit shall itemize the receipts and disbursements for the preceding calendar year, the allocation thereof to each owner, and the estimated common expenses for the coming calendar year. Within ten days after the annual meeting, such statement shall be delivered or mailed to owners not present, in person, at the annual meeting.

**ARTICLE XII  
SPECIAL MEETINGS**

Special meetings of the Council of Owners may be called at any time for the purpose of considering matters, which by the terms of the Act, the Master Deed or these By-laws require the approval of all or some of the owners, or for any other reasonable purpose. Such meeting shall be called by written notice, signed by a majority of the Board, by the President of the Board, or by owners having one-third or more of the total percentages of ownership of Jeffery Way, and mailed not less than ten days nor more than fifteen days prior to the date fixed for such meeting. Such notices shall specify the date, time and place of the meeting, and the matters to be considered there.

**ARTICLE XIII  
ELECTION AND PROCEEDINGS OF THE BOARD**

(a) Election. At each annual meeting of the Council of Owners, the owners shall elect a Board for the coming year, consisting of three owners or their representatives; provided, however, that the first Board shall consist solely of Patrick McGowan, or his representative, who is authorized to act as the Board until Units representing more than 50% of the total value of Jeffery Way as provided in the Master Deed shall have been sold or conveyed by them to third parties and, in any event, shall serve until the second annual meeting. Every owner entitled to vote at any election of members for the Board may accumulate his vote and give one candidate the number of votes equal to the number of members of the Board to be elected, multiplied by the number of the votes to which such owner is otherwise entitled, and may distribute his votes in the same manner among as many candidates as he chooses. The candidates receiving the highest number of votes up to the number of members of the Board to be elected shall be deemed to be elected.

(b) Term. Members of the Board (other than the original member as herein designated) shall serve for a term of three years; provided that the terms of the first elected Board shall be staggered and by lot one shall be selected to serve for a one year term; one shall be selected to serve for a two year term; and the other shall be

selected to serve for a three year term. Thereafter, the terms of the member elected, annually, to the Board shall be for a term of three years so that one member of the Board shall be elected each year. Members of the Board shall serve until their respective successors are elected, or until their death, resignation or removal; provided, however, that if any member ceases to be an owner or representative of an owner, his membership on the Board shall thereupon automatically terminate.

(c) Resignation and Removal. Any member may resign at any time by giving written notice to the Board, and any member may be removed from membership on the Board by a vote of owners holding not less than two-thirds (2/3) of the basic value of Jeffery Way at any time and without cause.

(d) Proceeding. Two members of the Board shall constitute a quorum, and if a quorum is present, the decision of those present shall be an act of the Board.

(e) Officers. The Board shall elect a President who shall preside over both the meetings of the Board and the Council of Owners and have such additional authority and responsibility as may be customary for the chief executive officers of a corporation except to the extent that the provisions of these By-laws may be in conflict; a Vice-President to serve in the absence of the President; and a Secretary who shall be responsible for keeping minutes of meetings of the Council of Owners and the Board and other records pertaining to the operations of Jeffery Way. The Board may select a separate Treasurer to be responsible for the financial records of Jeffery Way, or the Treasurer may also hold another office.

(f) Rules of Order. All proceedings of the Board and the Council of Owners shall be conducted in accordance with Roberts Rules of Order, unless the Council of Owners adopts a differing rule or procedures. The Board may validly act without holding a formal meeting by declaring their action, unanimously, in writing by a memorandum thereof in lieu of a formal meeting.

(g) Notice of Election. After each election of the Board, the Board may execute, acknowledge and record an affidavit stating the names of the persons elected to membership on the Board in the office of the Court Clerk and Ex-officio Recorder of Sebastian County, Arkansas. The most recently recorded affidavit shall be prima facie evidence that the persons named therein are all of the incumbent members of the Board and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

#### ARTICLE XIV AUTHORITY OF THE BOARD

The Board, for the benefit of Jeffery Way and the owners, shall enforce the provisions of the Act, the Master Deed and these By-Laws and shall acquire and shall pay out of the common expense fund hereinafter provided for costs and expenses of the following:

(a) Water, sewer, garbage collection, cable, electrical, telephone, gas, and other necessary utility services for the common elements to the extent not separately metered or charged to the individual Units;

(b) A policy or policies of fire insurance as hereafter described in these By-laws with extended coverage endorsement for the full insurable replacement value of the common elements in Jeffery Way payable in the manner herein provided for, and/or such other fire and casualty insurance as the Board shall determine;

(c) A policy or policies as specifically hereafter described in these By-Laws insuring the Board and the owners against any liability to the public or to owners, their invitees or tenants, arising as an incident to the ownership or use of the common elements of Jeffery Way, and including personal liability exposures of the owners. Limits of liability under such insurance shall be not less than \$1,000,000.00 for any one person injured and for any one accident and shall be not less than \$250,000.00 for property damage on each occurrence with such limits and coverage to be reviewed at least annually by the Board and increased in its discretion. Such policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insureds under the policy or policies shall not be prejudiced with respect of his, her or their actions against another named insured; provided, however, that the Board by virtue of this admonition does not and shall not be responsible for providing personal liability insurance for any owner with respect to the use of his individual Unit apart from the common elements;

(d) Any necessary workman's compensation insurance required under the laws of the State of Arkansas;

(e) To the extent deemed advisable by the Board, the services of a person or firm to manage Jeffery Way's affairs (herein called "the Manager") as well as such other personnel as the Board shall determine to be necessary or proper for the operation and maintenance of the common elements, whether such personnel are employed directly by the Board or are employed on behalf of Jeffery Way by the Manager;

(f) Legal and accounting services necessary or proper in the operation of the common elements or the enforcement of these By-Laws;

(g) Painting, maintenance, repair and all landscaping of the common elements and such furnishings and equipment for the common elements as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and the duty to require the same for the common elements; provided, however, that interior finishes of walls, ceilings and floors, plumbing and electrical fixtures and heating and air conditioning systems of each Unit shall be painted, maintained and repaired by the individual owners thereof at their sole cost and expense;

(h) Any other materials, supplies, labor, services, maintenance, repairs,

structural alterations, insurance, taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these By-laws, the Master Deed or which in its option shall be necessary or proper for the operation of the common elements or for the enforcement of these By-laws; provided, however, that if any such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided to or for particular Units, the cost thereof shall be specifically assessed to the owners of such units;

(i) Maintenance and repair of any Unit, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common elements or preserve the appearance and value of Jeffery Way and the owners of such Unit have failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to the Owner. The Board shall levy a special assessment against the owner of said Unit for the cost of such maintenance or repairs;

(j) The foregoing notwithstanding, the Board shall have no authority to acquire and pay for out of the common expense fund, capital additions or improvements (other than for purposes of replacing damaged portions of the common elements, subject to all of the provisions of these By-laws) having a cost in excess of \$10,000.00 without a vote of a majority of the owners.

#### ARTICLE XV POWERS OF BOARD EXCLUSIVE

Subject to the vote required in Section XIV(j) and any provision of the Act or Master Deed, the Board shall have the exclusive right to contract on behalf of Jeffery Way for all goods, services and insurance, payment for which is to be made from the common expense fund, and the actions of the Board shall be through its properly designated and authorized officers.

#### ARTICLE XVI ALTERATIONS, ADDITIONS AND IMPROVEMENTS TO COMMON ELEMENTS

Except for the replacement of damaged portions of the common elements there shall be no structural alterations to, capital additions to, or capital improvements of the common elements requiring an expenditure in excess of \$10,000.00 for any one such alteration, addition or improvement (and with only one such alteration, addition or improvement per year), without the prior approval of a majority vote of owners.

#### ARTICLE XVII ASSESSMENTS FOR COMMON EXPENSES

(a) **Annual Budget Estimate.** Within thirty (30) days prior to the beginning of each calendar year, the Board shall estimate the cost of providing the services for which it is obligated under these By-laws during the next ensuing year including a reasonable provision for contingencies and replacements and less any expected income and surplus from the prior year's fund. The estimated cash requirements for the next ensuing year as so determined shall be assessed to the owners in accordance with their percentages of the total basic value of Jeffery Way as set forth in the Master Deed to be paid, as nearly as possible, in monthly installments throughout the year. If the estimated cash requirements should prove inadequate, for any reason, the Board may, at any time, levy a further assessment, which shall be assessed to the owners in like proportions, unless otherwise provided herein. Each owner shall be obligated to pay assessments made pursuant to this Article to the Board in equal monthly installments on or before the first day of each month during each such year, or in such other reasonable manner as the Board may designate.

(b) **Expenditure of Common Fund.** The funds collected in the manner herein provided shall be expended for the purposes designated herein and for no other.

(c) **Non-Waiver.** The omission by the Board, before the expiration of any year, to prepare the foregoing budget or to fix the assessments hereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provision of these By-laws, or a release of the owner or owners from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessments fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this Article shall be effective only upon unanimous written consent of the owners and their mortgagees. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any common element or by abandonment of his unit.

(d) The Board or Administration shall keep a detailed, accurate record in chronological order of the receipts and expenditures affecting the common elements, specifying and itemizing maintenance and repair expenses of the common elements and any other expenses incurred. Records and vouchers authorizing the payment involved shall be available for examination by the owners at convenient hours during weekdays.

## **ARTICLE XVIII DEFAULT IN PAYMENT OF ASSESSMENTS**

Each monthly assessment and each special assessment made pursuant to these By-laws shall be separate, distinct and personal debts and obligations of the owners constituting a lien against their ownership interest in an Unit or Units in Jeffery Way with respect to which such assessment was levied and shall be collectible as such. Suit to recover a money judgment for unpaid common expense levies may be maintained without foreclosure or waiver of the lien herein retained to secure the same. The

amount shall include (i) any assessment, whether regular or special, assessed to the owner of any Unit, (ii) interest thereon at the rate of ten per centum (10%) per annum or the highest legal rate permitted by Arkansas law, whichever is lower from the due date until paid, and (iii) all costs incurred in collection, including a reasonable attorney's fee for Jeffery Way's attorney, shall be a part of the obligation of each owner on delinquent assessments, all of which shall be part of the lien upon the Unit upon recordation of a notice of assessment hereof. The lien for nonpayment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only:

(a) Assessments, liens and charges for taxes past due and unpaid on the Unit, and

(b) Payments due on bona fide first real estate mortgages or deeds of trust liens or vendor's liens on the affected Units properly recorded prior to the date of notice lien pursuant hereto is recorded.

A certificate executed and acknowledged by the President and Secretary of the Board stating that the indebtedness secured by the lien upon any Unit created hereunder shall be conclusive upon the Board and the owners as to the amount of such indebtedness on the date of the certificate in favor of all persons who may rely thereon in good faith, and such certificates shall be furnished to any owner or encumbrancer or prospective encumbrancer of an Unit upon request and payment of a reasonable fee not to exceed \$10.00. Unless the request for a certificate of indebtedness shall be complied with within ten days, all unpaid common expenses attributable to the Unit which is the object of the request and which becomes due prior to the date of the making of such request shall be subordinate to the lien or interest of the person making such request. Any encumbrancer holding a lien on an Unit may pay any unpaid common expenses payable with respect to such Unit and upon such payment the encumbrancer shall be entitled to a lien on the Unit for the amounts paid of the same rank as the lien of his encumbrance to the maximum extent permitted by law.

Upon payment of a delinquent assessment concerning which a certificate of assessment has been so recorded, or other satisfaction thereof, the Board shall cause to be recorded in the same manner as the certificate of indebtedness a further certificate stating the satisfaction and the release of the lien thereof. Such lien for nonpayment of assessments may be enforced by sale by the Board, such sale to be conducted in accordance with the provisions of law applicable to foreclosure of deeds of trusts or mortgages or in any other manner permitted by law. In any foreclosure or sale, the owners shall be required to pay all of the costs and expenses of such proceedings and a reasonable attorney's fee.

The Board shall have the power to bid on the Unit at foreclosure or other sale and to hold, lease, mortgage and convey the Unit.

140200

**ARTICLE XIX  
MORTGAGE PROTECTION**

Notwithstanding any other provisions hereof:

(a) The liens created hereunder upon any Unit shall be subject and subordinate to, and shall not affect the rights of, the holder of any indebtedness secured by a recorded prior mortgage or deed of trust or vendor's lien upon such interest made in good faith and for value to the extent expended prior to the recordation of notice of lien pursuant to these By-Laws; provided, however, that after the foreclosure of any such mortgage or related lien, there may be a lien created pursuant to the provisions of these By-Laws on the interest of the purchaser at the foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an owner and after the date of such foreclosure sale, which lien, if any be claimed, shall have the same effect and may be enforced in like manner as otherwise herein provided.

(b) No amendment to this Article shall affect rights of holders of any mortgage, deed of trust, or vendor's lien recorded prior to the recordation of any such amendment unless the holder joins in the execution thereof.

(c) By subordination agreement executed by a majority of the Board, the benefits of (a) and (b) of this Article may be extended to mortgages and other liens not otherwise entitled thereto.

**ARTICLE XX  
DELEGATION TO MANAGER**

The Board may delegate any of its duties, power or functions, including but not limited to the authority to give certificates as provided for in Article XIX hereof, and the authority to give the subordination agreement provided for in Article XX hereof to the Manager, provided that any such delegation shall be revocable upon notice by the Board, and to give notices of violations of these By-laws or any properly promulgated rules for the operation of the project made by the Board. The Members of the Board of any such duty, power or functions so delegated by written instrument executed by a majority of the Board. In the absence of any appointment, the President of the Board may act as the Manager.

**ARTICLE XXI  
EXCLUSIVE OWNERSHIP AND POSSESSION BY OWNER**

Each owner shall be entitled to exclusive ownership and possession of his Unit. Each owner is entitled to an undivided interest in the general common elements and in the limited common elements reserved for his Unit in the percentage expressed in the Master Deed with reference to his Unit. Said percentages shall have a permanent character, excepting however as specifically provided in the Master Deed, and shall not be altered in any other manner without the consent of all owners expressed in amended

by-law or a master deed duly recorded. Said percentages shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered<sup>of 249</sup> released from liens within Jeffery Way even though such interest is not expressly mentioned or described in the conveyance or other instrument of any Unit. Each owner may use the general common elements and the limited common elements reserved for his Unit in accordance with the purpose for which it is intended without hindering or encroaching upon the lawful rights of other owners.

Nothing herein shall be construed to vest in individual Unit owners any ownership interest in the undecorated or unfinished surfaces of the perimeter walls, ceilings, windows and doors bounding his Unit; nor shall an owner be deemed to own the utilities running through his Unit which are utilized for or serve more than one Unit, except as the owner may own the same in common with the other owners. An owner, however, shall be deemed to own and shall have the exclusive right, responsibility and authority to paint, repaint, tile, wax, paper, carpet or otherwise refinish and decorate the inner surfaces of the walls, ceilings, and doors bounding his Unit, and to repair and replace electric, plumbing, heating and cooling fixtures, appliances and equipment serving only the owner's Unit.

#### ARTICLE XXII OWNER'S OBLIGATION TO REPAIR; LIMITATION OF LIABILITY; AND DISCHARGE OF LIENS

Each owner shall at his own expense keep the interior and the fixtures, equipment and appurtenances of his Unit in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and finishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition to decorating and keeping the interior of the Unit in good repair, the owner shall be responsible for the maintenance, repair or replacement of plumbing fixtures, water heaters, furnaces, or lighting fixtures, air conditioning equipment, and similar appliance or utility services, the use of which is exclusively for the Unit served thereby.

The Board shall not be responsible to the owner for loss or damage by theft or otherwise of articles which may be stored by the owner in any assigned storage area or Unit.

Each owner shall promptly discharge any lien which may hereafter be billed against his Unit (except voluntary mortgage liens) and shall otherwise abide by the provisions of the Act.

140250

**ARTICLE XXIII  
PROHIBITION AGAINST STRUCTURAL  
CHANGES BY OWNER**

Without first obtaining written consent of the Board, no owner shall make or permit to be made any structural alteration, improvement or addition in or to his Unit or in or to the exterior of the buildings or other common elements. The owner shall not do any act or work that would impair the structural soundness or integrity of the buildings, safety of the property or impair any easement or hereditament without the written consent of the Board. No owner shall paint or decorate any portion of the exterior of the buildings or other common elements or any portion of storage areas without first obtaining written consent of the Board.

**ARTICLE XXIV  
LIMITATION ON USE OF UNITS  
AND COMMON ELEMENTS**

The Units and common elements shall be occupied and used as follows:

(a) No owner shall occupy or use his Unit or permit the same or any part thereof to be occupied or used for any purpose other than as authorized in the Master Deed.

(b) There shall be no obstruction of the common elements. Nothing shall be stored in the common elements without the prior consent of the Board.

(c) Nothing shall be done or kept in any Unit or in the common elements which would increase the rate of insurance on the common elements without the prior written consent of the Board. No owner shall permit anything to be done or kept in his Unit or in the common elements which would result in the cancellation of insurance on any Unit or on any part of the common elements or which would be in violation of any law.

(d) Nothing shall be altered or constructed in or removed from the common elements except upon the express written prior consent of the Board.

(e) Reasonable rules governing the use of the common elements adopted by the Board and furnished in writing to the owners shall be observed by all owners, and the Board is authorized to adopt such rules, in addition to any other express authority which may herein be granted.

**ARTICLE XXV  
ENTRY FOR REPAIRS**

The Board or its agents may enter an Unit when necessary in connection with

any maintenance, repair or replacement for which the Board is responsible. Except in an emergency which threatens the health or safety of an owner or threatens to damage other Units or the common elements, such entry shall be made with prior notice to the owner and with as little inconvenience to the owner as practicable, and any damages caused thereby shall be repaired by the Board out of the common expense fund. 251

**ARTICLE XXVI  
FAILURE OF BOARD  
TO INSIST ON STRICT PERFORMANCE  
IS NO WAIVER**

The failure of the Board to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of these By-laws, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition or restriction, and the same shall remain in full force and effect. Receipt by the Board of any assessment from an owner, with knowledge of breach of any covenant hereof, shall not be deemed a waiver of any such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

**ARTICLE XXVII  
LIMITATIONS OF LIABILITY**

**Neither Jeffery Way, Council of Owners nor the Board shall be responsible or liable for any failure of utility supply or services or any other service required or used in connection with Jeffery Way or any Unit or common element.**

**Neither Jeffery Way, the Council of Owners nor the Board shall be responsible or liable for: injury or damage to persons or property caused by (i) the elements, (ii) by another owner or person in Jeffery Way, or (iii) electricity, water, rain, dust, mold or pollution on or in Jeffery Way.**

**No diminution or abatement of common expense assessment shall be claimed or allowed for inconveniences or discomforts arising from the making of repairs or improvements to the common elements or from any action taken to comply with any law, ordinance or orders of a governmental authority. Failure herein to further limit liability and responsibility of the Board shall not be taken or construed to imply that the members of the Board are liable for damage to Units or persons or property arising from causes not hereinabove specified.**

140252

**ARTICLE XXVIII  
INDEMNIFICATION OF BOARD**

Each member of the Board shall be indemnified by the owners against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon them in connection with any proceedings to which they may be made a party, or in which they may become involved by reason of their serving as members of the Board, or any settlement thereof, whether or not the indemnified person is then a member of the Board at the time such expenses are incurred, except in such cases wherein a member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, but no indemnification shall be made for a settlement entered into without the prior approval of the Board.

**ARTICLE XXIX  
INSURANCE**

The Board shall obtain and maintain at all times insurance of the type and kind and in at least the amounts provided hereinabove and including insurance for such other risks as the Board shall reasonably determine, which insurance shall be governed by the following provisions:

- (a) All policies shall be written by a company licensed to do business in the State of Arkansas and holding a rating of AAA or better by Best's Insurance Reports.
- (b) Exclusive authority to adjust losses under policies hereafter in force in the project shall be vested in the Board or its authorized representative.
- (c) In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees.
- (d) Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board may have in force on the project at any particular time.
- (e) After initial construction by the owner of improvements within his Unit, each owner shall be required to notify the Board of all improvements made by the owner to his Unit, the value of which exceeds \$1,000.
- (f) Any owner who obtains individual insurance policies covering any portion of Jeffery Way other than personal property belonging to such owner shall be required to file a copy of such individual policy or policies with the Board within thirty days after purchase of such insurance.
- (g) The Board shall be required to make every effort to secure insurance

policies that will provide for the following:

- (1) A waiver of subrogation by the insurer as to any claims against the Board, the owners and their respective servants, invitees, agents and guests;
- (2) That the master policy on the project cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual owners;
- (3) That the master policy on the project cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board without a prior demand in writing that the Board cure the defects;
- (4) That any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

The Board will notify owners of their inability to do so should any policy of insurance not contain or provide for each of the foregoing provisions.

#### ARTICLE XXX DAMAGE OR DESTRUCTION

In case of fire, casualty, or other disaster, the insurance proceeds, if sufficient to reconstruct the common elements of the buildings or repair the damages, shall be applied to such reconstruction or repair. Reconstruction of the common elements of the building, as used in this Article, means restoring the buildings to substantially the same condition in which they existed prior to the fire, casualty or other disaster, with each Unit and common element having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished by the Board, and if the plans for the design thereof differ from original construction, such plans shall be filed with a recordable certificate reflecting the nature of the changes.

If the insurance proceeds are insufficient to reconstruct the common elements of the buildings, damage to or destruction of the building shall be promptly repaired and restored by the Board using proceeds of insurance, if any, on the buildings for that purpose and the Unit owners shall be liable for assessment for any deficiency.

Notwithstanding all other provisions hereof in case of such fire, casualty or other disaster, the owners may, by an affirmative vote of at least three-fourths of the voting power, at a meeting of the owners called for that purpose, elect not to reconstruct, and if such action is taken, then the Board shall record with the County Recorder a notice setting forth such facts, and upon the recording of such notice:

- (1) The property shall be deemed to be owned in common by the owners;
- (2) The undivided interest in the property owned in common which shall appertain to each owner shall be the percentage of undivided interest previously owned

by such owner in the common elements;

(3) Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the owner in the property; and

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**ARTICLE XXXI  
ENFORCEMENT**

Each owner shall comply strictly with the provisions of the Act, the Master Deed and these By-laws and with the administrative rules and regulations drafted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply with the foregoing shall be grounds for an action to recover sums due for damage or injunctive relief or both maintainable by the Board on behalf of the owners, or in a proper case by an aggrieved owner.

**ARTICLE XXXII  
PERSONAL PROPERTY**

The Board may acquire and hold, for the benefit of the owners, tangible and intangible personal property and may dispose of the same by sale or otherwise; the beneficial interest in such personal property shall be owned by the owners in the same proportion as their respective interest in the common elements, and shall not be transferable except with the transfer of an Unit. The transfer of an Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such personal property.

**ARTICLE XXXIII  
AUDIT**

Any owner may at any time at his own expense cause an audit or inspection to be made of the books and records of the Board. The Board, as a common expense, shall obtain an audit of all books and records pertaining to the project at no greater than annual intervals and furnish copies thereof to the owners, unless the formal audit is unanimously waived by all of the co-owners voting on the issue at any meeting of the Council of Co-owners.

**ARTICLE XXXIV  
INTERPRETATION**

The provisions of these By-Laws shall be liberally construed to effectuate the purpose of creating a uniform plan for development and operation of Jeffery Way. Failure to enforce any provisions hereof shall not constitute a waiver of the right to enforce that provision or any other provision hereof at any future time.

ARTICLE XXXV  
AMENDMENT

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Except as otherwise provided herein, the provisions of these By-laws may be amended by an instrument in writing signed and acknowledged by owners holding seventy-five percent (75%) of the basic value of the property of record, which amendment shall be effective upon recordation in the office of the Ex-Officio Recorder of Deeds and Mortgages of Sebastian County, Arkansas.

ARTICLE XXXVI  
SEVERABILITY

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

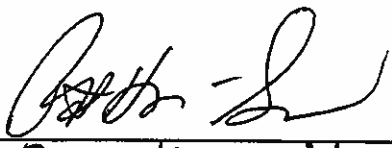
ARTICLE XXXVII  
EFFECTIVE DATE

These By-Laws shall take effect upon their recordation with the Master Deed.

DATED this 8th day of July 2008.

JEFFERY WAY COUNCIL OF CO-OWNERS,  
INC.

By:  
Its:

  
Operating Manager