

BY-LAWS
OF
TAMARACK PINES OWNERS ASSOCIATION,
the administrative body of
TAMARACK PINES
HORIZONTAL PROPERTY REGIME

PINEROCK APARTMENTS, an Arkansas Limited Partnership, being the Grantor in the attached and foregoing Master Deed which establishes the TAMARACK PINES HORIZONTAL PROPERTY REGIME (the "Regime") under the Horizontal Property Act of Arkansas, having organized a corporation known as TAMARACK PINES OWNERS ASSOCIATION under the Arkansas Nonprofit Corporation Act as the administrative body of the said horizontal property regime, does hereby declare that the following are the duly adopted By-Laws of TAMARACK PINES OWNERS ASSOCIATION and that they shall govern the administration of said Regime as provided in the Master Deed and in the Horizontal Property Act of Arkansas.

ARTICLE I.

ORGANIZATION

SECTION 1. Identity. These are the By-Laws of Tamarack Pines Owners Association, a corporation organized under the Arkansas Nonprofit Corporation Act (the "Association"). The Association is the administrative body of Tamarack Pines Horizontal Property Regime, a horizontal property regime established under the Horizontal Property act of Arkansas (the "Regime"). The Regime is situated on land described as:

Lot One (1), PINEROCK ADDITION to the City of Little Rock; and

The East One Hundred Thirty-two (132) feet of the South Half (S 1/2) of the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) of Section Thirty-Five (35), Township Two (2) North, Range Thirteen (13) West, the Northeast corner of said tract being the Southeast corner of Lot One (1), PINEROCK ADDITION to the City of Little Rock;

The land, buildings and other improvements constituting the Regime are referred to as the "Property".

SECTION 2. Principal Office. The principal office of the Association shall be maintained on the Property.

SECTION 3. Applicability of By-Laws. The provisions of these By-Laws shall apply to the entire Regime. All present and future owners, mortgagees, lessees and occupants of townhomes and their employees, or any other persons who might use the facilities of the Regime in any manner, shall be subject to the provisions set forth herein, to the Rules adopted by the Association and to the provisions of the Master Deed establishing the Regime. The acceptance of a deed or conveyance, or the entering into of a lease, or the act of occupancy of a townhome shall constitute an acceptance of, and an agreement to be bound by, the provisions hereof, the Rules adopted by the Association and the provisions contained in the Master Deed establishing the Regime.

ARTICLE II

COUNCIL OF CO-OWNERS

SECTION 1. Membership in Council of Co-Owners. All owners of townhomes in the Regime shall be members of the Association. The body of members convened in a meeting to transact the business of the Association shall be called the Council of Co-Owners (the "Council").

SECTION 2. Annual Meeting. The annual meeting of the Council shall be held on the first Tuesday of June of each year.

SECTION 3. Special Meetings. Special meetings of the Council may be held at any time upon the call of the President or upon written petition signed by co-owners of 25% or more of

the value of the Regime. Upon receipt of the President's call or upon receipt of a petition of co-owners as provided in this section, the Secretary shall give notice of the meeting to all members of the Council.

SECTION 4. Notice of Meetings. A written or printed notice of every meeting of the Council, stating whether it is an annual or special meeting, the authority for the call of the meeting, the place, date, and hour thereof, and the purpose therefor shall be given by the Secretary or the person or persons calling the meeting at least ten (10) days before the date set for such meeting. Notice of meetings shall be given to each co-owner by (a) leaving the notice with him personally; or, (b) by leaving the notice at his residence or usual place of business; or, (c) by mailing it, postage prepaid, addressed to his residence as it appears on the records of the Council; or, (d) if such owner cannot be located by reasonable efforts, by publishing the notice in any newspaper of general circulation in Pulaski County, Arkansas, not more than once, the publication thereof to be not less than three (3) days, nor more than ten (10) days prior to the meeting date. If notice is given pursuant to the provisions of this section, the failure of any co-owner to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings conducted thereat. The co-owners of record who are owners according to the records of the Council as of twenty-one (21) days prior to the meeting date, shall be the owners entitled to receive the notice provided for herein.

SECTION 5. Notice to Mortgagees. Upon written request for notice of meetings mailed by registered mail, addressed to the Secretary of the Council at the address of the Association, the holder of any duly recorded mortgage against any townhome may properly obtain a copy of any and all notices permitted or required to be given pursuant to the provisions of these By-Laws.

SECTION 6. Adjournment of Meetings. If any meeting of the Council cannot be held because of the lack of a quorum, a majority of the co-owners, as hereinafter defined, who are present at the meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

SECTION 7. Order of Business. The order of business at all meetings of the Council of Co-Owners shall be as follows:

- (a) Roll Call;
- (b) Proof of Notice of Meeting;
- (c) Reading of Minutes of Preceding Meeting;
- (d) Report of Officers;
- (e) Report of Board of Directors;
- (f) Report of Committees;
- (g) Election of Members of Board of Directors (when so required);
- (h) Unfinished Business; and
- (i) New Business.

SECTION 8. Majority of Co-Owners. As used in these By-Laws, the term "Majority of Co-Owners" shall mean those co-owners of at least 51% of the value of the Regime according to the percentages of ownership established by the Master Deed.

SECTION 9. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by written proxy of a majority of the co-owners of the Regime shall constitute a quorum at all meetings of the Council.

SECTION 10. Majority Vote. When a quorum has gathered, the vote of a majority of the co-owners present in person or by proxy at any meeting of the Council, shall be binding upon all co-owners for all purposes except where a higher percentage vote is required by law, by the Master Deed or by these By-Laws.

SECTION 11. Voting. Any person, firm, corporation, trust or other legal entity, or a combination thereof, owning any townhome in the Regime, duly recorded in his name, as evidenced

by the records of the Circuit Clerk and Ex-Officio Recorder of Pulaski County, Arkansas, shall be a member of the Council of Co-Owners. Each owner shall be entitled to one (1) vote in all matters before the Council. Any provision to the contrary notwithstanding, joint owners of a townhome shall be deemed one owner. The authority given by a co-owner to another person to represent him at such meetings of the Council shall be in writing, signed by the delegating co-owner, or if a townhome is jointly owned, by all joint owners, or if the co-owner is a corporation, by the proper corporate officer thereof, and shall be filed with the Secretary. The authority may be general, applicable to all matters, or limited by its terms to certain matters. Unless limited by its terms, the authority shall be deemed good until revoked in writing. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Council with respect to any townhome owned or held by him in such capacity, whether or not the townhome shall have been transferred to him by a duly recorded conveyance. In case the townhome shall not have been so transferred, he shall satisfy the Secretary that he is the executor, administrator, guardian, or trustee holding the townhome in his representative capacity. When any townhome is owned by two or more persons jointly, according to the records of the Council, the vote therefor may be exercised by any one of the joint owners present in the absence of a protest of the other or others.

SECTION 12. Waiver of Notice. The presence of a quorum at any meeting of the Council shall render it a valid meeting, unless any member shall, at the opening of the meeting, object to the holding thereof because of non-compliance with the provisions of these By-Laws. Any meeting so held without objection shall, notwithstanding the fact that no notice of the meeting was given, or that the notice given was improper, be valid for all purposes, and at such meeting any general business may be transacted and any action may be taken.

ARTICLE III
BOARD OF DIRECTORS

SECTION 1. Number and Qualification. The affairs of the Regime shall be administered by a Board of Directors (herein called the "Board") composed of five persons, all of whom shall be co-owners, or mortgagees of townhomes, except as otherwise provided in the Master Deed. If a townhome is owned by a partnership, partners and employees of the partnership may be members; if a townhome is owned by a corporation, officers, shareholders, or employees of the corporation may be members.

SECTION 2. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the efficient management of the affairs of the Regime and may do all acts which are not prohibited by law, by the provisions of these By-Laws or by the Master Deed establishing the Regime. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the common elements including the employment of persons for such purposes.
- (b) Determination and assessment of the amounts required for operation, maintenance and other affairs of the Regime.
- (c) Collection of the common charges and assessments from all co-owners.
- (d) Employment and dismissal of personnel required in the efficient operation and maintenance of the Regime.
- (e) Adoption and amendment of rules and regulations governing the details of the operation and the use of Regime property (the "Rules").
- (f) Opening of bank accounts on behalf of the Regime and designating the signatories required therefor.
- (g) Purchasing, leasing, or otherwise acquiring in the name of the Regime on behalf of all co-owners, townhomes offered for sale or lease or surrendered by their owners to the Board.
- (h) Purchasing townhomes at foreclosure or other judicial sale in the name of the Regime on behalf of all co-owners.

- (i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with townhomes acquired by the Board on behalf of all co-owners.
- (j) Organizing corporations to act as designees of the Board of Directors for the purpose of acquiring title to or leasing of townhomes on behalf of all co-owners, and for other purposes.
- (k) Leasing laundry rooms, if any, and granting licenses for vending machines.
- (l) Obtaining insurance for the Regime.
- (m) Making repairs, additions and improvements to, or alterations of, the Property whenever required, and making repairs to and restoration of the Property after damage or destruction by fire or other casualty.
- (n) Employing attorneys, accountants, engineers and other professionals as shall be necessary for the proper conduct of the business of the Association or the Regime.
- (o) Maintaining all books and records of the Association, financial and otherwise, all of which shall be made available for inspection and copying by any co-owner or his representatives at any reasonable time.

SECTION 3. Managing Agent. The Board of Directors may employ a managing agent to perform such duties and services as the Board shall authorize. The Board may delegate to any such managing agent all the powers granted to the Board by the Master Deed and these By-Laws. This provision shall be subject to the rights retained by the Grantor in Paragraphs Thirteen (13) of the Master Deed.

SECTION 4. Election and Term of Office. The directors shall be elected by a Majority of the Co-Owners, as that term is defined in Article II, Sections 8 and 11 hereof, present in person or by proxy at the annual meeting of the Council of Co-Owners. At the first annual meeting of the Council, the term of office of two of the directors shall be fixed for three (3) years. The term of office for two directors shall be fixed at two (2) years, and the term of office for one director shall be fixed at one (1) year. At the expiration of the initial term of office of each director, his successor shall be elected

to serve a term of three (3) years. The directors shall hold office until their successors have been elected and hold their first meeting. The provisions of this Section shall be subject to the rights retained by the Grantor in Paragraph 17 of the Master Deed.

SECTION 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by vote of the Council, shall be filled by a majority vote of the remaining directors. Each person so elected shall be a member of the Board until a successor is elected at the next annual meeting of the Council.

SECTION 6. Removal of Directors. At any regular meeting or special meeting of the Council, any one or more of the directors may be removed with or without cause by a majority of the Co-Owners present in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the co-owners shall be given an opportunity to be heard at the meeting.

SECTION 7. Compensation. Directors shall receive no compensation for their services and no remuneration shall be paid to a director for services performed by him for the Council in any other capacity, unless a resolution authorizing such remuneration shall have been approved by a majority of those co-owners present in person or by proxy before the services are undertaken.

SECTION 8. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within one week of election at such place as shall be fixed by the directors at the Council meeting at which they were elected.

SECTION 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Board. Notice of regular meetings of the Board shall be given to each

director, personally or by mail, addressed to his residence, or by telephone, at least three (3) days prior to the day named for the meeting.

SECTION 10. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place, and purpose of the meeting.

SECTION 11. Waiver of Notice. Before or at any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted thereat.

SECTION 12. Board of Director's Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

SECTION 13. Fidelity Bonds of Officers and Employees. The Board of Directors shall obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a common expense and shall be paid with Association funds.

SECTION 14. Indemnification of Directors and Officers. (a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any

threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful..

(b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably

believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) or (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) or (b) (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in subsections (a) or (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Council of Co-Owners.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the

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final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

(f) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of Council of Co-Owners or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this section.

(h) The powers and duties of the Association to indemnify any person under this Article shall apply with equal force whether an action, suit or proceeding is threatened or commenced in this State or outside this State.

ARTICLE IV

OFFICERS

SECTION 1. Designation. The principal officers of the Association shall be a President, a Vice-President, a

Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary. The Directors may appoint an assistant secretary-treasurer, and such other officers as in their judgment may be necessary. The President and the Vice-President may be but shall not be required to be, members of the Board of Directors. If not elected members of the Board, the President and Vice-President shall serve as Ex-officio members of the Board of Directors without voting rights.

SECTION 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new board and shall hold office at the pleasure of the Board.

SECTION 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular or special meeting of the Board.

SECTION 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Council and of the Board of Directors. He shall have all the general powers and duties usually vested in the office of President of an association, including but not limited to power to appoint committees from among the co-owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to act

for them on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

SECTION 6. Secretary. The Secretary shall keep the minutes of all meetings of the Council of Co-Owners and of the Board of Directors. He shall have charge of such books and papers as the Board may direct and he shall in general, perform all duties incident to the office of Secretary of a business corporation organized under the laws of the State of Arkansas.

SECTION 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities, and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and he shall prepare all required financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board, or its designee, in such depositories as may from time to time be designated by the Board.

SECTION 8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments affecting the Regime or the Association shall be executed by the President and Secretary of the Association or by such other person or persons as may be designated by the Board.

SECTION 9. Compensation of Officers. No officer shall receive compensation from the Association for acting as such.

ARTICLE V

MAINTENANCE AND REPAIR

SECTION 1. Responsibility of Association. The Association shall be responsible for the maintenance, repair and replacement of:

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(a) All portions of the general and limited common elements, including but not limited to the exterior walls of the buildings, structural slabs, roofs, wires, pipes, parking areas, swimming pools, cabana and ducts; and

(b) All incidental damage caused to a townhome by any work done or caused to be done by the Association in accordance with the provisions hereof.

SECTION 2. Responsibility of Owners. (a) Each co-owner shall have the individual responsibility, at his own expense, for the maintenance, repair and replacement of all portions of his townhome, including but not limited to the interior walls, ceilings, floor covering, hot water tank, and heating, ventilating and air conditioning equipment; and

(b) Each co-owner shall have the additional responsibilities as follows:

(i) to refrain from painting or otherwise decorating and changing the appearance of any portion of the general common elements or building any wall or fence without the written consent of the Board;

(ii) to promptly report to the Association any defect or need for repairs, the responsibility for which rests with the Association;

(iii) to refrain from altering, removing, or making any adjustment to or doing anything which might affect the safety or soundness of the building structure (including wires, pipes and ducts) without the prior written consent of the Board; and

(iv) to promptly reimburse the Association for its costs in repairing, maintaining or replacing any item, including disruption of the plumbing system, when such damage is attributed to the co-owner.

(c) Each co-owner may without the prior approval of the Board plant bushes, shrubbery and other vegetation in the area immediately in front of the townhome; shown on the plans as limited common elements provided, such plantings are maintained by the co-owner in an aesthetically pleasing manner and do not otherwise affect the overall appearance of the Property in the sole discretion of the Board; provided further, the Board may adopt Rules specifically governing the exercise of this right.

ARTICLE VI


ASSESSMENTS

SECTION 1. Assessments. Annual assessments for the common expenses shall be made in advance on or before the second Monday in December of each year next preceding the year for which the annual assessments are due; and special assessments may be made at such other times, as in the judgment of the Board of Directors, may be required for the proper management and maintenance of the Regime. Each co-owner shall be liable for his share of the assessments as determined by his percentage of ownership as set forth in the Master Deed and any common surplus shall be owned by each co-owner in a like share: The annual assessment shall be payable by each co-owner in twelve, equal, consecutive monthly installments, payable on the first day of each month, beginning with January of the year for which the assessment is due. The total of the annual assessment shall be in an amount determined by the Board of Directors and shall include the estimated common expenses for the year, and a reasonable allowance for contingencies and

reserves. If an annual assessment is not made as required, an installment in the amount required by the last prior annual assessment shall be due upon each assessment installment date until changed by a new assessment.

SECTION 2. Liability. Each co-owner of a townhome and his grantee shall be jointly and severally liable for all unpaid assessments due and payable at the time of any conveyance without prejudice to the right of the grantee to recover from his grantor any amounts paid by the grantee. Such liability may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the townhome for which the assessment is made. Each and all such assessments (together with interest, costs and reasonable attorneys' fees, if delinquent) shall be, constitute and remain a continuing lien on the townhome (and all appurtenances thereto) against which such assessment is made, until paid, which lien shall run with the land, and shall be binding as a covenant on present and future owners, their heirs, successors and assigns, as set forth in the Master Deed. The lien provided for herein shall be subordinate only to the lien of any first mortgage or equivalent encumbrance.

SECTION 3. Delinquent Assessments. The assessments against all townhomes shall be set forth in a roll of the townhomes which shall be available in the office of the Association for inspection at all reasonable times by the co-owners or their duly authorized representatives. The rolls shall contain a list of each townhome, the name and address of the co-owner thereof, and the assessment paid and unpaid. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall be the personal obligation of the townhome owner and of his successor in title. Assessments paid on or before twenty (20) days after the date due shall not bear interest. Assessments not paid when due shall be delinquent and if not paid within twenty (20) days after the due date each



assessment shall bear interest from the date due until paid at the rate of ten percent (10%) per annum, and may be enforced and collected by an action at law against those personally obligated to pay same, and/or the lien securing same may be enforced by a foreclosure action against the owners of the townhome upon which such assessment was made in the manner provided by law for foreclosure of mortgages, and interest, all costs and reasonable attorneys' fees in any such court action shall be added to and collected as part of such assessments. All payments upon accounts shall be applied first to interest and then to the assessment payment first due. All interest collected shall be credited to the common expense account of the Association.

SECTION 4. Common Expenses. The common expenses, which shall be paid by the Association from all assessments received from the co-owners, shall include, but not be limited to, the costs of all insurance premiums on policies required by the provisions of the condominium documents, amounts needed for working capital, a general operating reserve, a reserve fund for maintenance and repairs, or amount required to make up deficits in common expenses for any prior year, amounts required for the purchase or lease by the Board of Directors, on behalf of all co-owners, of any townhome whose owner has elected to sell or lease to the Regime or which is to be sold at foreclosure or judicial sale, as well as all other expenses incurred in connection with the operation of the Regime.

ARTICLE VII

COMPLIANCE AND DEFAULT

SECTION 1. Compliance and Default. Each co-owner shall be governed by and shall comply with the terms of the Master Deed, the other condominium documents and all Rules adopted pursuant thereto. Any default in compliance therewith by a co-owner shall entitle the Association or the other

co-owners to institute legal proceedings for recovery of damages, injunctive relief, foreclosure of lien or any combination thereof.

SECTION 2. Negligence. Each (co-)owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by the act of any member of his family or his guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by the use, misuse, occupancy or abandonment of any townhome or its appurtenances.

SECTION 3. No Waiver. The failure of the Association or of any co-owner to enforce any right, provision, covenant or condition contained herein or in the other condominium documents, shall not be construed as a waiver of the right of the Association or other co-owner to enforce such right, provision, covenant or condition in the future.

SECTION 4. Remedies Cumulative. All rights, remedies and privileges granted to the Association, its Board of Directors, or to any co-owner pursuant to the terms hereof or pursuant to the terms of the other condominium documents, shall be deemed to be cumulative, and the exercise of any one or more of said rights shall not be deemed to constitute an election of remedies or to preclude the assertion of additional rights, remedies or privileges as may be granted by the condominium documents, or which may be available at law or in equity.

ARTICLE VIII.

INSURANCE

SECTION 1. Coverage. The Board, for the benefit of the Association and each co-owner, shall acquire and maintain in full force the following insurance, the premiums for which being paid from the common expense fund provided for below, to-wit:

(a) A policy or policies of hazard insurance in the form commonly known as "All Risk" and in an amount not less than the replacement value of the townhomes and common elements as defined in the master deed, or such other fire and casualty insurance as the Board shall determine provides substantially equal or greater coverage. All of such policies shall provide that the mortgagees of the townhomes are loss payees, as their interests may appear;

(b) A policy or policies of liability insurance in the form commonly known as comprehensive general liability insurance or owners', landlords' and tenants' liability insurance naming the Association, the Board and all owners as named insureds and providing coverage in the minimum amounts of One Million Dollars (\$1,000,000.00) per person and occurrence for bodily injury and One Hundred Thousand Dollars (\$100,000.00) per occurrence for property damage. The policies shall also contain coverage for non-owned or hired automobiles and personal injury in amounts to be determined by the Board. The limits and coverages for all of such insurance shall be reviewed at least annually by the Board.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable law.

(d) Fidelity bonds to protect against dishonest acts on the part of officers, directors, and employees of the Association and all others who have access to assets of the Association.

(e) The co-owners shall be responsible for securing other insurance as provided in Section 2(d) below.

SECTION 2. Special Provisions. The Board shall obtain and maintain insurance of the type and kind and in the minimum amounts provided in this Article. All such insurance

(a) All policies shall be written with companies holding a rating of "A" or better by Best's Key Rating Guide;

(b) Exclusive authority to adjust losses under policies hereafter in force in the Regime 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 the co-owners or their mortgagees;

(d) It is specifically acknowledged that each co-owner shall be responsible for securing insurance coverage for such co-owner's mortgage payments, household and personal property and for any improvements, betterments or additions to a townhome subsequent to the date the original condominium documents, were filed for record in the office of the Pulaski County Arkansas Circuit Clerk, the Board having absolutely no obligation of any kind whatsoever to secure coverage for such property; 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, on behalf of all owners, may realize under any insurance policy which the Board may have in force on the Regime at any particular time;

(e) Any owner who obtains individual insurance policies covering any portion of the Regime 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 (30) days after the purchase of such insurance;

(f) The Board shall make diligent efforts to secure insurance policies which provide for the following:

(i) A waiver of subrogation by the insurer as to any claims against the Association, the Board, the owners and their respective agents, servants and guests;

(ii) That the master policy on the Regime cannot be canceled, invalidated or suspended on account of the conduct of any co-owner or of any officer or employee of the Association without a prior demand in writing that the Association cure such conduct or deficiency; and,

(iii) That any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

ARTICLE IX

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

SECTION 1. Repair. If any part of the Regime shall be damaged by fire or other casualty, the same shall be reconstructed or repaired in accordance with Ark. Stat. Ann. §50-1021 (Repl. 1971). For purposes of this Article, the term "building" in Ark. Stat. Ann. §50-1021 shall be defined as the entire Regime.

SECTION 2. Duty. Subject to Section 1 the Board shall have the responsibility for reconstructing or repairing any damage caused by fire or other casualty. Immediately after such fire or other casualty, the Board shall obtain reliable and detailed estimates of the cost required to place the damaged property in as good a condition as existed before the casualty. The costs may include professional fees and premiums for such bonds as the Board may deem necessary. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair, assessments shall be made against all co-owners in an amount sufficient to provide funds to pay the excess estimated costs in the manner described in Article VI.

ARTICLE X.

MISCELLANEOUS

SECTION 1. Notices. All notices to the Association shall be sent by registered or certified mail, to the office of the Association or to such other address as the Board may hereafter designate from time to time. All notices to any co-owner shall be sent by ordinary first class mail to his townhome or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

SECTION 2. Severability. The provisions hereof shall be deemed to be severable, and the invalidity, partial invalidity or unenforceability of any one portion or provision of these By-Laws shall not affect the validity or enforceability of any other provision hereof.

SECTION 3. Captions. The captions contained in these By-Laws are inserted only as a matter of convenience and for reference and in no way define, limit, or prescribe the scope of these By-Laws or the intent of any provision thereof.

SECTION 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vica versa wherever the context so requires.

SECTION 5. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches thereof which may occur.

SECTION 6. Interpretation. The provisions of these By-Laws shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of Tamarack Pines Horizontal Property Regime. Whenever in these By-Laws it is provided that any person shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express agreement to make such payment or to perform or not to perform, as the case may be, such act or obligation.

SECTION 7. Conflicts. In the event of any conflict between any of the terms of these By-Laws and the terms of the Master Deed establishing the Regime, the terms and provisions of the Master Deed shall control. The provisions of the Master Deed and of these By-Laws are intended to be in accord with the provisions of the Horizontal Property Act of Arkansas, as amended. Should any conflict arise between the provisions of these By-Laws and the Master Deed and the provisions of the Horizontal Property Act, the latter shall control.

SECTION 8. Amendment. These By-Laws may be amended, modified, or revoked from time to time by vote of the members of the Council of Co-Owners whose aggregate interest in the common elements constitutes two-thirds (2/3) or more of the basic value of the Regime, at a meeting duly called for that purpose; provided, however, that the By-Laws shall always contain those particulars which are required to be contained herein by the Horizontal Property Act of Arkansas; and provided, further, that no modification of or amendment to these By-Laws shall be valid unless set forth in a recorded instrument which shall be recorded in the office of the Circuit Clerk and Ex-Officio Recorder of Pulaski County, Arkansas.



FIRST AMENDMENT TO

BY-LAWS OF

TAMARACK PINES HORIZONTAL PROPERTY REGIME

This First Amendment to the By-Laws of Tamarack Pines Owners' Association is executed this 15 day of June, 2003, by Tamarack Pines Owners' Association, to be effective June 15, 2003.

WHEREAS, on November 4, 1980, Pinerock Apartments filed By-Laws for Tamarack Pines Owners Association (the "Association"), the administrative body of Tamarack Pines Horizontal Property Regime (the "Regime") in the office of the Circuit Clerk of Pulaski County, Arkansas, as Instrument No. 80-47228; and

WHEREAS, Article X, Section 8 of the By-Laws provides that the By-Laws may be amended by a vote of the members of the Association whose aggregate interest in the common elements constitutes two-thirds (2/3) or more of the basic value of the Regime; and

WHEREAS, the Association has determined that it is in the best interest of the Regime to amend the By-Laws to impose restrictions on leasing townhomes in the Regime, in order to provide for continuity of residence which enhances the residential character of the Regime, to promote greater participation by residents in managing the affairs of the Regime

Prepared by:

Barbara P. Bonds
Attorney at Law
Little Rock, Arkansas

executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves as such officers.

In witness whereof, I hereunto set my hand and official seal.



Handwritten signature of Jerin Stebbins in cursive script.

Notary Public

My Commission Expires:

June 26, 2010