

**BY-LAWS  
OF  
THE DIAMONDHEAD PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is the DIAMONDHEAD PROPERTY OWNERS ASSOCIATION, INC. The principle office of the corporation shall be located at the Diamondhead Property Owners Association office and the mailing address will be 245 Independence, Hot Springs, Arkansas 71913.

**ARTICLE II**

Section 1. **Annual Membership Meetings.** The annual meeting shall be held at the Country Club at Diamondhead, at 7:30 p.m., on the third Saturday of August of each year.

Section 2. **SPECIAL MEMBERSHIP MEETINGS.** Special meetings may be called by the President, the Board of Directors, or upon the written request of not less than one-tenth (1/10) of the members entitled to vote.

Section 3. **Notice of Membership Meeting.** Written notice of each meeting of the members shall be given by, or at the direction of the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special membership meeting, the purpose of the meeting.

Section 4. **Quorum.** One-tenth (1/10) of the members shall constitute a quorum.

Section 5. **Proxies.** Proxies may be used in order to constitute a quorum. Any member in good standing may vote in person or by proxy, except no vote for the election of any director shall be cast by proxy or in person. All proxies shall be revocable, in writing and filed with the Secretary.

Section 6. **Parliamentary Rules.** Robert's Rules of Parliamentary Procedure shall govern and control all matters not specifically covered by these By-Laws.

## ARTICLE III

### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. **Number.** The affairs of this association shall be managed by a Board of nine (9) directors, who must be property owners in good standing at Diamondhead, six (6) of whom shall be residents of Diamondhead and three (3) whom shall be members at large (either residents or non-residents). In addition, a property owner must have owned property in Diamondhead for at least one year prior to the annual election to be eligible to become a director.

Section 2. **Term of Office.** Each director shall serve a term of three (3) years with three (3) of the nine (9) members of the Board of Directors being elected at each annual meeting. One (1) of the three (3) members elected each year shall be a non-resident/at-large member of The Diamondhead Community.

Section 3. **Compensation.** No director shall receive compensation for any service he may render in his capacity as a director to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties for the Association.

Section 4. **Resignation.** A Board of Directors may resign at any time by giving notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. **Interim Board Members.** In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the Board and shall serve until the next annual election, at which time, a proper nominee will be elected to fill the unexpired term of the original director.

Section 6. **Conflict of Interest.** In order to assure the absence of conflicts of interest within the composition of the Board of Directors, no otherwise qualified employee of the Association shall be allowed to become a candidate, be elected or otherwise be seated as a member of the Association's Board of directors. Any Board member who subsequently becomes an employee of the Association will, contemporaneously with such employment, lose his or her qualification to continue service as a Board member, and the Board shall immediately seek a replacement for such person.

## ARTICLE IV

### NOMINATION AND ELECTION OF DIRECTORS

Section 1. **Nomination.** Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be the Vice-President of the Board for the coming year and two (2) or more members of the Association. The Nominating Committee shall be appointed by the outgoing Board of Directors at the annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. **Elections.** Election to the Board of Directors shall be by secret ballot, which must be postmarked not less than ten (10) days prior to the Annual Meeting. Ballots will be opened and tabulated seven (7) days prior to the Annual Meeting by a certified public accounting firm or by any other method approved by the Board of Directors prior to the annual election. The Secretary of the Association shall announce the result of the election during the Annual Meeting, and the ballots and tabulations shall be subject to inspection by any member. No ballot shall be cast by proxy.

Section 3. **Exception.** Regardless of the above provisions, if the time set by the Association for nominations to the Board of Directors expires and the number of vacancies on the Board of Directors to be filled at any election and the number of candidates for those positions are the same or less, the Association shall not be required to follow the election procedure outlined in Section 2 above. Rather, for reasons of economy, the Board of Directors shall declare the candidates elected as officially as if elected by the ballot procedure, and they shall take and hold office accordingly.

## ARTICLE V

### MEETINGS OF THE BOARD OF DIRECTORS

Section 1. **Regular Board Meeting.** The Board of Directors shall meet during the annual meeting for the purpose of electing officers. Regular monthly meeting shall be held at 7:00 p.m., at the Country Club in Diamondhead on the fourth (4<sup>th</sup>) Thursday of each month. All meetings of the board shall be open to any member. However, members will not be allowed to actively participate in the meetings unless permission is granted prior to the meeting by the President of the Board.

Section 2. **Special Board Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director. Notice of special meeting shall be posted in conspicuous places in the community in order to notify property owners of the meetings.

Section 3. **Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless specified otherwise in these By-Laws.

Section 4. **Action Taken Without a Meeting.** The directors shall have the right to take emergency action in the absence of a meeting which they could take at a meeting provided that the particular action is ratified at the next regular or special board meeting. Any action so approved shall have the same effect as though taken at a meeting of the directors (exception: Article VI, Section 1 (d)).

## ARTICLE VI

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. **Powers.** It is hereby expressly declared that the Directors shall have the following powers, to-wit:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the members and their guests, and to establish penalties for any infractions;
- (b) suspend the voting rights and the rights to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- (c) create different classifications of members and various maintenance fee amounts for such classifications, other than regular voting members, and to establish the terms and conditions of such memberships;
- (d) determine the amount of dues, users' fees and/or assessments each year for members, associate members and social memberships **PROVIDED HOWEVER** no increase in the annual assessment of property owners shall be made **EXCEPT** by the affirmative vote of seven (7) members. The President shall be allowed to vote on this matter;
- (e) establish and maintain a fire protection program, and provide funds for fire protection by implementing a special assessment

- to be paid by the homeowners in The Diamondhead Community for fire protection;
- (f) declare the office of a Board member vacant in the event such Board member shall be absent from three (3) consecutive regular meetings without just cause as determined by the remaining members of the Board, or remove a member of the Board whenever, in its judgment, the best interests of the P.O.A. would be served thereby. In order to remove a Board member, six votes must be cast for removal. The member who is the subject of the removal vote will not be allowed to participate in the vote. The President shall be allowed to vote on this matter.
  - (g) employ a manager, an independent contractor or such other employees as they shall deem necessary, and to prescribe their duties;
  - (h) create an executive committee to conduct the routine daily business affairs of the Association and to expend funds **NOT TO EXCEED** the sum of **ONE THOUSAND FIVE HUNDRED DOLLARS** (\$1500.00). The Executive Committee shall be composed of the duly elected officers of the Board of Directors;
  - (i) to determine who shall be authorized under the corporation's behalf to make and sign bills, notes, acceptance, endorsements, checks, releases, receipts, contracts and other instruments.
  - (j) to delegate any powers of the Board in relation to the ordinary business of corporation to any standing or special committee or to any officer or agent (with power to sub-delegate) upon such terms as they think fit; (however in no event will the committees be allowed to contractually obligate the DPOA to expend funds);
  - (k) to borrow money and to make and issue notes, bonds and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same; and
  - (l) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, not specifically reserved to the membership, including adopting and/or amending rules and regulations deemed necessary by the Board of Directors and to enforce such rules and regulations by any legal or appropriate action they deem advisable.

Section 2. **Duties.** It shall be the duty of the Board of Directors to:

- (a) cause to be kept a financial statement and to present said statement to the Board at each monthly Board meeting and to the members at the annual meeting, or at any special meeting, when such statement is requested in writing by one-fourth (1/4)

- of the members entitled to vote at least ten (10) days prior to the meeting;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
  - (c) to establish the amount of the annual assessment and send written notice to every member subject thereto at least thirty (30) days in advance of the due date; to suspend the rights and privileges of a member for failure to pay his or her assessment within ninety (90) days after the due date, or to bring an action at law against the owner personally obligated to pay the same and to foreclose the lien against any property for which assessments are not paid within one hundred and twenty (120) days after due date;
  - (d) procure and maintain adequate liability and hazard insurance on property owned by the Association, and procure and maintain indemnity insurance on the P.O.A.'s employees and Board of Directors when the Board deems it necessary;
  - (e) cause all officers or employees having fiscal responsibilities to be bonded, as it may be deemed appropriate; and
  - (f) cause the Common Area to be maintained and operated as the Board deems necessary.

## **ARTICLE VII**

### **OFFICERS AND THEIR DUTIES**

Section 1. **Enumeration of Offices.** The officers of this Association shall be a President, Vice-President, Secretary and Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. **Election of Officers.** The election of Officers shall take place during the annual meeting.

Section 3. **Term.** The officers of this Association shall be elected annually for a one (1) year term by the new Board of Directors at the annual meeting.

Section 4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. **Vacancies.** A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. **Multiple Offices.** No person shall simultaneously hold more than one of any of the offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. **Duties.** The duties of the officers are as follows:

- (a) **President.** The President shall be the principle executive officer of the association and shall in general supervise and control all of the business and affairs of the association. He shall sign, with the Secretary or any other proper officer of the association, as authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed by the officer except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these regulations or by statute to any officer or agent of the association; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- (b) **Vice-President.** In the absence of the President or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors, and shall serve as chairman of the Nominating Committee.
- (c) **Treasurer.** If required by the Board of Directors and funded by the Diamondhead Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected; report on the financial condition of the Association, keep appropriate current records showing the members of the Association together with their addresses, and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.
- (d) **Secretary.** The Secretary shall keep the minutes of the meetings of the members, the Board of Directors, and the

meetings of the Executive Committee in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these regulations or as required by law; be custodian of the corporation records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these regulations; and in general perform all duties incident to the office of Secretary by such member, and from time to time may be assigned to him by the President or the Board of Directors.

## **ARTICLE VIII**

### **POWERS RESERVED**

The members of the Diamondhead Property Owners Association, Inc., specifically reserve to themselves the power to:

- (a) elect the Directors, and recall a member of the Board of Directors;
- (b) amend, revise or supersede these By-Laws;
- (c) commit the common properties for the purpose of forming any improvement district.

## **ARTICLE IX**

### **COMMITTEES**

The Board of Directors shall appoint an Architectural Control Committee, a Nominating Committee and such other committees as deemed appropriate in carrying out its purpose. All committee members must be in good standing to serve on any committee, as good standing is defined above.

## **ARTICLE X**

### **BOOKS AND RECORDS**

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member of the Association for personal, non-commercial purposes. The Bill of Assurance, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

## **ARTICLE XI**

### **ASSESSMENTS**

Each member shall be obligated to pay the annual assessment, as well as any special assessment, both of which shall be secured by a continuing lien on the property against which the assessment is made. Any assessment not paid when due shall be delinquent. A 10% penalty will be charged if the annual assessment is not paid within thirty (30) days after the due date. This penalty will be charged each year until the delinquency is paid in full. In the event of nonpayment the Board of Directors shall foreclose the lien. No owner may waive or otherwise escape liability for any assessment by reason of non-use of the common area or abandonment of his lot.

## **ARTICLE XII**

### **CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words DIAMONDHEAD PROPERTY OWNERS ASSOCIATION, INC., An Arkansas Non-Profit Corporation.

## **ARTICLE XIII**

### **AMENDMENTS**

Members, by the affirmative vote of a majority of a quorum of members present in person or by proxy may at a regular or special meeting amend, revise or supersede any of these By-Laws, provided the substance of the proposed amendment shall have been stated in the notice of the meeting.

## **ARTICLE XIV**

### **FISCAL YEAR**

The fiscal year of the Association shall begin on the 1<sup>st</sup> day of April and end on the 31<sup>st</sup> day of March of each year.

## **ARTICLE XV**

### **PRIORITY OF BY-LAWS**

These By-Laws shall supersede, amend and cancel all other Code of Regulations or By-Laws, which were duly adopted by the membership of the Diamondhead Property Owners Association.

Revised: August 21, 2004; August 18, 2007