

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS**

That THIS AMENDED AND RESTATED DECLARATION is made and entered on this 8th day of January, 1998, by TRADITIONAL INVESTMENTS LIMITED PARTNERSHIP, an Arkansas Limited Partnership, A.W.R. Investments, Inc., as General Partner, designated hereinafter as DEVELOPER;

W-I-T-N-E-S-S-E-T-H

WHEREAS, the Developer is the owner of certain property to be know by the official plat designation of SALEM VILLAGE, a Planned Unit Development, (hereinafter referred to as SALEM VILLAGE), situated in Fayetteville, Washington County, Arkansas, and which is more particularly described as follows:

THE NW ¼ OF THE SW ¼ OF THE FRACTIONAL SECTION 32, T-17-N, R-30-W CONTAINING 40 ACRES MORE OR LESS, AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

WHEREAS, the Developer seeks to plan and develop SALEM VILLAGE in a manner that significantly contributes to the quality of life for residents of SALEM VILLAGE by planning, developing, and managing a neighborhood that responds to the challenge of providing a social environment which enriches personal and family community life.

WHEREAS, the Developer previously executed and filed of record at 97066161 a Declaration of Covenants, Conditions, and Restrictions, dated September 26, 1997, covering the above described real estate and in which Developer reserved the right to amend the Declaration; and further that the Developer is the owner of record of all interest in SALEM VILLAGE.

THEREFORE, for the purpose of enhancing and protecting the value, attractiveness, and desirability of the lots or tracts constituting such subdivision, and establishing a community and neighborhood character, the Developer hereby amends and restates in its entirety the Declaration of Covenants, Conditions, and Restrictions dated September 16, 1997 by declaring that all of the real estate described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, conditions, assessments, charges, and liens provided for and set for in this Declaration, all of which shall run with the real property and be binding on all parties having any right, title, or interest in the described real property or any part thereof, their heirs at law, successors, and assigns, and shall inure to the benefit of each Owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1. Accessory Building. The term "Accessory Building" as used herein shall mean and refer to a garage or other structure built on a lot that is essentially unconnected to the primary unit except for a breezeway or other architecturally decorative feature.

Section 2. Association. The term "Association" as used herein shall mean and refer to SALEM VILLAGE PROPERTY OWNERS' ASSOCIATION, INC., a nonprofit corporation existing under and by virtue of the laws of the State of Arkansas, and having its place of business in Fayetteville, Washington County, Arkansas, its successors and assigns.

Section 3. Board of Directors. The term "Board of Directors" as used herein shall mean and refer to the Board of Directors of the Association.

Section 4. Board. The term "Board" as used herein shall mean and refer to the Board of Directors of the Association, and the terms "Board" and "Board of Directors" may be used interchangeably herein.

Section 5. By-Laws. The term "By-Laws" as used herein shall mean and refer to the By-Laws of the Association.

Section 6. Common Area. "Common Area" as used herein shall mean all real property and any improvements thereon which the Association and/or the Developer owns for the non-exclusive common use and enjoyment of the Owners of lots and tracts shown on the recorded

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subdivision plat of SALEM VILLAGE. The common areas are to be conveyed by Developer to and be owned and maintained by the Association for the common use and enjoyment of the Owners of lots and tracts in SALEM VILLAGE, together with a non-exclusive common easement of ingress and egress over the private roadways of SALEM VILLAGE.

Section 7. Detached Residence. The term "Detached Residence" as used herein shall mean and refer to a dwelling unit intended for residential uses consisting of a single building, containing one (1) or more rooms or spaces situated on one (1) or more floors and designed for occupancy by one family.

Section 8. Developer. The term "Developer" as used herein shall mean and refer to TRADITIONAL INVESTMENTS LIMITED PARTNERSHIP, an Arkansas Limited Partnership, A.W.R. INVESTMENTS, INC., as General Partner, and the present title holder to the real property described hereinabove, its successors and assigns, provided, however, that such successors or assigns should acquire one or more undeveloped Tracts from Traditional Investments Limited Partnership, for the purpose of development.

Section 9. Dwelling Unit. The term "Dwelling Unit" as used herein shall mean and refer to a structure consisting of one or more rooms connected together and constituting a separate independent establishment intended for residential use.

Section 10. Federal Mortgage Agencies. The term "Federal Mortgage Agencies" as used herein shall mean and refer to those Federal agencies who have an interest in the real property covered by this Declaration, such as the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, or successors to their interests.

Section 11. Institutional Lender. The term "Institutional Lender" as used herein shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts (including real estate investment trusts) or any other lender regularly engaged in financing the purchase, construction or improvement of real estate (or any assignee of loans made by such a lender) or any combination of any of the entities listed in this definition to the extent they have notified the Association of their holdings.

Section 12. Lot. The term "Lot" as used herein shall mean and refer to any lot or other plot of land in SALEM VILLAGE, together with any and all improvements thereon shown on the recorded plat of SALEM VILLAGE, a planned unit development, referred to above upon which a residential structure or structures could be constructed.

Section 13. Member. The term "Member" as used herein shall mean and refer to every person or entity holding membership in the Association as defined by ARTICLE VI.

Section 14. Membership. The term "Membership" as used herein shall mean and refer to the aggregate of all the of the "Members" of the Association as specified in ARTICLE VI.

Section 15. Owner. The term "Owner" as used herein shall mean and refer to the record title holder, whether one or more persons or entities, of a fee simple absolute title to any lot or tract which constitutes a part of SALEM VILLAGE, including contract sellers, but excluding those persons or entities having such interest merely as security for the performance of obligation.

Section 16. Natural Park. The term "Natural Park" as used herein shall mean and refer to the real property and any improvements thereon, as designated upon the Plat of SALEM VILLAGE, and dedicated to the City of Fayetteville for green space, subject to the restrictions and special conditions imposed by the U.S. Army Corps of engineers for the preservation of Wetlands.

Section 17. Party Fence. The term "Party Fence" as used herein shall mean and refer to that fence that is constructed on the dividing line between lots in SALEM VILLAGE.

Section 18. Party Wall. The term "Party Wall" as used herein shall mean and refer to that wall that divides and constitutes the boundary line between the Town Houses located on

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lots in SALEM VILLAGE and certified by the Building Inspector of the City of Fayetteville, Washington County, Arkansas, that such wall meets all of the requirements of the Building Code as approved by the City of Fayetteville, Arkansas, and is in compliance with all public laws relating thereto.

Section 19. Public Laws. The term "Public Laws" as used herein shall mean and refer to the laws of any governmental body with jurisdiction over SALEM VILLAGE and the SALEM VILLAGE PROPERTERY OWNERS' ASSOCIATION, INC.

Section 20. Salem Village. The term "Salem Village" as used herein shall mean and refer to all of that real property described hereinabove as disclosed by the final and official plat thereof under the name of SALEM VILLAGE, a planned unit development, and appearing of record in the official records of the Circuit Court Clerk and Ex-officio recorder of Washington County, Arkansas.

Section 21. Town House. The term "Town House" as used herein shall mean and refer to one or more single-family residential dwelling units constructed as attached units with property lines separating the units.

Section 22. Tract. The term "Tract" as used herein shall mean and refer to a plot of land that is assigned the numbers Tract One through Tract Three as designated upon the Plat of SALEM VILLAGE, upon which a residential or non-residential structure or structures could be constructed.

Section 23. Wetland. The term "Wetland" as used herein shall mean and refer to the real property as designated upon the Plat of SALEM VILLAGE and subject to the restrictions and special conditions described in the U.S. Army Corps of Engineers Section 404 Permit No. 120901, dated July 31, 1995.

ARTICLE II

**PROPERTY SUBJECT TO THIS DECLARATION;
ADDITIONS THERETO, DELETIONS THERFROM**

Section 1. Legal Description. The real property which is and shall be held, transferred, sold, conveyed and occupied, subject to this declaration, is located in Washington County, Arkansas, and comprises all of the lots, tracts and easements shown and/or platted within or upon the property known as SALEM VILLAGE, a Planned Unit Development.

Section 2. Platting and Subdivision Covenants, Conditions, and Restrictions. The Developer shall be entitled at any time and from time to time, to plat and/or re-plat all or any part of the property, except as limited by Article IV, Section 3, and to file subdivision covenants, conditions, and restrictions and/or amendments thereto with respect to any undeveloped portion, or portions of, or additions to, SALEM VILLAGE, as provided by City of Fayetteville Ordinances regarding Planned Unit Development.

Section 3. Additional Land. Developer may, but shall have no obligation to, add at any time or from time to time to the scheme of this Declaration Additional Lands, provided only that (a) any portion(s) of Additional Land from time to time added to the scheme of this Declaration shall be contiguous to property then subject to the scheme of this declaration, (b) any portion(s) of such Additional Land shall, at the time of addition to the scheme of this Declaration, be platted as uses consistent with SALEM VILLAGE, (c) said plat of the Additional Land shall dedicate, or commit to dedicate, to the Association the Common Areas of said plat of the Additional Land, and (d) upon addition of the Additional Land to the scheme of this Declaration, the Owners of the property therein shall be and become subject to this Declaration, and shall have all privileges and obligations set forth in this Declaration, including assessment by the Association for their pro rata share of Association expenses. The addition at any time or from time to time of all or any portion(s) of the Additional Land to the scheme of this declaration

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shall be made and evidenced by filing in Washington County, a supplementary Declaration with respect to that portion of the Additional Land to be added. Developer reserves the right to so amend and supplement this Declaration without the consent or joinder of the Association or of any Owner and/or mortgagee of land in SALEM VILLAGE.

Section 4. Improvement District. The real property which is subject to this Declaration has been made a part of a Washington County Property Owners' Improvement District No. 1 ("the District") pursuant to Arkansas Code Annotated Section 14-93-101, es. Seq., for the purpose of (a) constructing waterworks, sewers, and systems of gas pipelines, and (b) grading, draining, paving, curbing, and gutting streets and laying sidewalks, together with facilities related to any of the foregoing within said district. The assessment of benefits and the levy of special tax on the property within the District have been lawfully authorized and constitute a binding and enforceable lien on the property in SALEM VILLAGE.

ARTICLE III

DEVELOPER'S RIGHTS AND OBLIGATIONS

Section 1. Duration of Developer's Rights and Obligations. In order to secure Developer's interests related to the development of SALEM VILLAGE and in furtherance of the neighborhood concept established by Developer shall have the benefit of certain rights and be encumbered with certain obligations which shall extend until the later of the conveyance of all lots and tracts contained in the Plat of SALEM VILLAGE to property owners other than Developer, or five years after the last filing of a Declaration of Additional Land, except that some specific rights and obligations may expire by virtue of their being tied to the occurrence of certain events arising prior to conveyance of all lots and tracts. Developer, however, may voluntarily terminate all its rights and obligations by expressing such in writing to the Board of Directors.

Section 2. Right to Complete the Planned Unit Development. Developer shall have the right to conduct all activities required to complete the development of SALEM VILLAGE according to the final plat, as such may be amended from time-to-time. The Association shall not, as Association, take any position of opposition against provisions of the Plat of SALEM VILLAGE in a public setting, nor utilize any of its material or financial resources to oppose development activities of Developer so long as such activities remain consistent with the plat and the neighborhood concept.

Section 3. Amendments and Other Actions Affecting Developer. For the duration of Developer's rights and obligations, the Association shall make no amendments to this Declaration, or the governing documents of the Property Owners' Association that materially affect Developer's interests including Developer's rights and obligations, without first obtaining Developer's concurrence.

Section 4. Association-Related Rights and Obligations. Developer shall be exclusively responsible for conducting the affairs of the Association until at least one property owner representative, other than Developer, has been elected to a seat on the Board of Directors.

Section 5. Easements for Development, Life Support and Other Purposes. Developer shall have the right to grant easements on all real property owned by Developer, for drainage purposed, environmental protection zones, services by the public authority and utilities required for life support (including telephone and cable television) and for any other purposed reasonably related to the development of SALEM VILLAGE.

Developer's right to grant such easements shall continue for the duration of Developer's rights and obligations, except as to lots of tracts of Owners other than Developer. However, as to any lot of tract, Developer shall have the right to enter lots of tracts on which easements have

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been established under this Section for the purpose of making repairs involving the purposes of such easements. This right expressly includes the right to cut or remove any planting or to re-grade the land, provided that the entity disturbing the affected lot or tract shall restore the lot of tract to its original condition as near as possible. Easements established under this Section may not be established in ways that unreasonably interfere with the full use and enjoyment of an Owner's lot or tract for an extend period of time.

For the duration of Developer's right and obligations, Developer shall have the right to conduct development, construction, marketing and customer service operation in customary and reasonable fashion. This includes the right to permit on the real property, construction and supply vehicles, staff associated with development and construction, and marketing, and the right to provide for storage of materials related to such activities. However, it shall be incumbent upon those operating under this easement to conduct their activities in ways that are respectful of the comfort and safety of the property Owners of SALEM VILLAGE. With Developer's concurrence, the Board of Directors may adopt reasonable rules of conduct to better ensure the comfort and safety during development and construction activities.

Section 6. Developer's Power of Attorney to Amend Declaration. For a period of five (5) years from this date Developer shall have the right to amend this Declaration to correct scrivener's errors, changes in circumstances or to conform to requirements of Public Laws, the Federal Mortgage Agencies, and Institutional Lenders, so long as the rights of the existing property owners are not adversely affected.

By acceptance of a deed to any lot or tract, or by acceptance of a legal or equitable interest in the real property, each and every contract purchaser, property owner, mortgagee, and other lienholder or party claiming a legal or equitable interest in the real property does automatically and irrevocably name, constitute, appoint and confirm Developer as attorney in-fact for the purpose of executi9ng amendments to this Declaration in accordance with the provisions contained throughout this Declaration.

No changes may be made to this Declaration that adversely, materially and unreasonably affect the marketability of value of a lot or tract, or reserve any additional of special privileges to Developer no previously reserved, without prior written consent of the affected property owners and Institutional Lenders holding mortgages on such lot or tract.

The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all lots and tracts and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Said power of attorney shall continue until the expiration of Developer's rights and obligations.

ARTICLE IV

PROTECTIVE AND RESTIVE COVENANTS

Section 1. Residential Use. Lots one through one hundred eleven of SALEM VILLAGE may be used for a residential unit or living units and for no other purpose. No business or commercial building may be erected on any lot and no business may be conducted on any part thereof. Residency and use of living units shall be limited to not more than two (2) related or unrelated adults and their children and residence shall be established by three consecutive days occupancy.

Section 2. Size Restrictions. No building or other improvements shall be erected upon any lot without prior Architectural Review Board approval thereof as hereinafter provided. Any construction upon lots in SALEM VILLAGE shall conform to a minimum square footage requirement of Twelve Hundred square feet.

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Section 3. Non-Residential Use. Tracts one and two may be used for development consistent with the uses provided by Fayetteville City Ordinances governing Planned Unit Developments and other applicable Public Laws. Such uses may include residential, business, commercial or institutional (churches, schools, nurseries). Tract three may be used for development consistent with the uses as shown on the Final Plat and as provided by Fayetteville City ordinances governing Planned Unit Developments and other applicable Public Laws. Development of tract three shall require a separate Large Scale Development approval. No building or other improvement shall be erected upon that Tract without prior Architectural Review Board approval thereof as hereinafter provided.

Section 4. No temporary Building. No tents, trailers, vans, shacks, tanks or temporary or portable buildings or structures shall be erected or permitted to remain on any lot or Common Area, except that accessory buildings which conform to the architecture of the primary building locate on a lot or tract may be allowed with approval of the Architectural Review Board.

Section 5. Antennae. No aerial, antenna, television or radio or satellite dishes shall be placed or erected upon any lot, or affixed to the exterior of any residential or accessory building in SALEM VILLAGE in a manner which may be visible from the street or alley.

Section 6. Boats and Motor Vehicles. No boats, recreational vehicles, all-terrain vehicles or other motor vehicles, except four-wheel passenger automobiles, shall be placed, parked or stored upon any lot, Common Area, or public or private streets, nor shall any maintenance or repair be performed upon any boat or motor vehicle upon any lot, except within a building and totally isolated from public view. No motorized vehicles not licensed for use on streets or roadways may be operated on the private streets and alleyways of SALEM VILLAGE.

Section 7. Trees. No tree or shrub, the trunk of which exceeds two (2) inches in diameter, shall be cut down or otherwise destroyed without the prior express written consent of the Architectural Review Board. Each lot shall have a minimum of two (2) trees.

Section 8. Artificial Vegetation. No artificial grass, plants or other artificial vegetation shall be placed or maintained upon the exterior portion of any lot, unless approved by the Architectural Review Board.

Section 9. Automobile Storage Areas. On residential lots, no automobile garage shall be permanently enclosed or converted to other use, including storage of goods, boats, or antique autos, without the substitution of another enclosed automobile storage area upon the lot. No carports shall be permitted unless approved by the Architectural Review Board, and all garages shall be at least adequate to house two (2) standard size American automobiles, or as otherwise approved by Architecture Review Board. All garages must have doors that are to be maintained in a useable condition. The number of automobiles owned by any resident and parked within SALEM Village may be limited by such rules and regulations as may be adopted by the Board.

Section 10. Clothes Drying Area. No portion of any lot or Common Area shall be used as a drying or hanging area for laundry of any kind, it being the intention hereof that all such facilities shall be provided within the building to be constructed on a lot.

Section 11. Landscaping. A basic landscaping plan for each home must be submitted to and approved by the Architectural Review Board. Sodding will be required on all front and side yards. Sending and/or sprigging shall be permitted in the rear yards. On corner lots, sodding will be required on the front and sides.

Section 12. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot or tract on the Common Areas. However, dogs, cats and other common household pets may be kept on lots subject to such rules and regulations as may be adopted by the Association, so long as they are not kept, bred, or maintained for commercial purposes. No animals shall be allowed to run loose at any time, or become a nuisance to neighbors.

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Section 13. Rubbish, Trash and Garbage. No rubbish, trash, garbage or other waste materials shall be kept or permitted on any lot or tract or on any Common Area, except in sanitary containers located in appropriate areas concealed from public view.

Section 14. Fences, Hedges, and Walls. No fence, hedge, wall or other dividing instrumentality shall be constructed or maintained on any lot or tract unless approved by the Architectural Review Board.

Section 15. Nuisances. Nothing shall be done or maintained on any lot or tract or on the Common Areas which may be or become a nuisance to the neighborhood. In the event of a dispute of question as to what may be or become a nuisance, such dispute or question shall be submitted to the Board of Directors, which shall render a decision in writing, which decision shall be dispositive of such dispute or question.

Section 16. Signs. No sign of any kind shall be displayed to public view on any lot or tract or any Common Area, unless approved by the Architectural Review Board or as provided for in any rules or regulations as may be adopted by the Board.

Section 17. Common Areas. Nothing shall be altered in, constructed on or removed from, any of the Common Areas excepts upon the written consent of the Association.

Section 18. Recreational Equipment and Personal Property. No recreational equipment shall be permanently erected upon any lot or tract or affixed to any structure in SALEM VILLAGE in a manner which is visible from the street or alley, unless approved by the Board of Directors. No personal property, including but not limited to, barbecue grills, portable recreational equipment, yard tools and equipment, shall be stored or left unattended in public view.

Section 19. Driveways and Sidewalks. Residential lot owners shall be required to construct sidewalks along public and private streets in SALEM VILLAGE and driveways extending to the alleyway. Construction of sidewalks along private streets and driveways shall conform to the specifications contained in the Architectural Planning Criteria and any other rules established by the Board, and to the extent applicable public law, and shall be approved by the Architectural Review Board. Construction of sidewalks along public or private streets shall conform to the City of Fayetteville standards and any applicable law.

Section 20. Necessary Exceptions for Development. Developer, or the transferees of Developer, shall undertake the work of developing all lots included within the subdivision. The completion of that work and the sale or other disposition of residential units is essential to the establishment and welfare of the subdivision as an on-going residential community and neighborhood. In order that such work may be completed and the subdivision established as a fully-occupied residential community and neighborhood as soon as possible, nothing in the Declaration shall be understood or construed to prevent the Developer, Developer's transferees, or the employees, contractors or sub-contractors of Developer, or of Developer's transferees, from doing whatever they may determine to be reasonable, necessary or advisable for the completion of the work and the establishment of the subdivision as a residential community and neighborhood, and the disposition of lots by sale or otherwise. An Owner, upon commencement of construction of a residence, dwelling unit or other structure, which is not prohibited by the restrictions of record, shall pursue the performance of any construction diligently and continuously until completion of the structure involved. As used in this Section, the words, "its transferee" specifically exclude purchaser of lots improved with completed residences.

Section 21. Leased Property. An owner shall notify the Board in writing of the Owner's intention to lease property in SALEM VILLAGE. Such notice shall be made thirty days prior to occupancy by a tenant. Owner shall be responsible for informing the tenant of tenants of these covenants and restrictions and all rules and regulations promulgated by SALEM VILLAGE Property Owners' Association of its Board, and advising the tenant or tenants of the obligation to abide by the same. Owner assumes the responsibility for enforcing the rules,

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covenants, restrictions, and regulations against the tenant.

ARTICLE V

PROPERTY RIGHTS

Section 1. Title to Common Areas, Natural Park, and Wetland. The Developer shall convey the Common Green Areas to the Association, subject to taxes for the year of conveyance and to restrictions, conditions, limitations, reservations, and easements of record, including Notice of Deed Restrictions and U.S. Army Corps of Engineer's mitigation Permit. The Developer shall dedicate the Natural Park to the City of Fayetteville for green space, subject to restrictions imposed by the hereinabove described mitigation permit, and Developer shall reserve that portion of the Westland designated as Floodway. The Common Green Areas, Floodway, Tract Three, and Natural Park shall be accessible to the public, subject to wetland restrictions and trail designation approved by the U.S Army Corps of Engineers. The restrictions imposed upon land designated to be preserved for wetlands and wildlife habitat mitigation include, but are not limited to: clearing, logging, bush hogging, mowing, spraying with herbicides, filling, leveling, drainage, dumping, construction of any structure (other than for wildlife enhancement), grazing cattle, or any other activity that would adversely impact on the natural state of the area without obtaining a revision of the above-mentioned permit

Section 2. Owner's Easements of Enjoyment. Every Owner of a lot shall have a non-exclusive common right and easement of enjoyment and ingress and egress in and to the Common Areas which shall be appurtenant to and shall pass with the title to such lot, subject to the following:

- (a) The right of the Association to take such steps as reasonable necessary to protect the above-described properties against foreclosures;
- (b) All provisions of this Declaration, any Plat of all or any part or parts of the property, and the Articles and By-Laws of the Association;
- (c) Rules and Regulations governing the use and enjoyment of the Common Areas adopted by the Association;
- (d) Restrictions contained on any and all Plats of all or any part to the Common Area or filed separately with respect to all or any part or parts of the property; and
- (e) The restrictions imposed by U.S. Army Corps of Engineers for conservation of Wetlands as described hereinabove.

Section 3. No Partition. There shall be no judicial partition of the Common Areas, nor shall Developer, or any Owner or any other person acquiring any interest in the subdivision, or any part thereof, seeks judicial partition thereof. However, nothing contained herein shall be construed to prevent judicial partition of any lot owned in co-tenancy.

Section 4. General Easements.

- (a) A general easement through SALEM VILLAGE is hereby created for public employees and those delegated by the Board whose duties include public safety and property protection activates to enter any portion of SALEM VILLAGE to carry out their duties, subject to reasonable processes and requirements of Public Laws.
- (b) A general easement is hereby created for the Association, through its representatives, to enter lots or tracts to take action appropriate to carrying out its responsibilities as provided for in this declaration. Such entry shall be preceded by due notice unless an emergency jeopardizing life, limb or property exists. The Board of Directors shall have a right to grant easements, rights of way, licenses and similar interests over any part of the Common Ares for any lawful purpose which it determines, in its own discretion, to be in the best interest of the Association. The Association is also granted an easement to maintain, repair, or replace any entrance features or similar improvements serving or benefiting the development.

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(c) Each lot within the development is hereby declared to have an easement, not exceeding one (1) foot width, over all adjoining lots and tracts and Common Areas for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of improvements, roof overhangs, fences, gutters, architectural or other appendages, draining or rainwater from roofs, or any similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligation of property owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of said property owner if said encroachment occurred due to the willful misconduct of said property owner, and provide further that any such encroachments shall be required to conform to Public Laws. In the event a structure on any lot is partially or totally destroyed and then repaired or rebuilt, the property owner of each adjoining lot or tract agrees that previously existing minor encroachments over the adjoining lot or tract shall continue to be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

(d) A mutual right and easement for utility services is hereby established for the benefit of all property owners, such that no property owner shall take any action which would in any way interfere with utility services being provided to other property owners within the development. If a lot or tract contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other property owners within the development, then the property owner of such lot or tract shall promptly, at his expense, repair any damage to such utilities caused by property owner, his guests or invitees.

The rights and duties of property owners with respect to sanitary sewer and water lines, storm drains, downspouts, yard drains, cable television, electricity, gas and telephone lines, connections and facilities shall be governed by the following:

(i) Whenever utility services named in this section have been partially or wholly installed within the development, the property owner of any lot or tract or the Association shall have the right, and is hereby granted an easement to the extent necessary therefore, to enter or have a utility company enter any portion of the development in which said installations lie to repair, replace and generally maintain said installations.

(ii) The right granted in subparagraph (i) above shall be only to the extent necessary to entitle the property owner to be serviced by said installation to its full and reasonable use and enjoyment. Anyone exercising said right shall be responsible for restoring the surface of the easement area so used to its condition as nearly as practically possible, prior to such use.

(iii) In the event of a dispute between property owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, upon written request of one of such property owners addressed, to the Board of Directors, the matter shall be submitted to the Board of Directors who shall decide the dispute. The decision of the Board of Directors shall be final and conclusive as to the parties.

(e) each lot within the development is hereby declared to be subject to a pedestrian easement, providing every owner of a lot in SALEM VILLAGE and any Owner's invitees the common right an enjoyment of passage along every sidewalk constructed in SALEM VILLAGE. Such right is restricted to pedestrian use and motorized vehicles are specifically prohibited on any sidewalk.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

Section 1. Association's Duties and Responsibilities. The Association shall have the power, the duty and the responsibility for the management of the affairs of SALEM VILLAGE

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as specified herein. Such powers, duties and responsibilities include, but are not necessarily limited to, the power to make assessments against and collect from the Owners and their lots and tracts located herein, and the authority to make rules and regulations governing the affairs of the Association and interpreting and applying the covenants and restrictions contained herein to the property owners.

Section 2. Membership in Association. Every Owner of a lot or tract which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of any lot or tract which is subject to assessment.

Section 3. Voting Rights. The Ownership of lots or tracts in SALEM VILLAGE shall entitle the Owners thereof to the number of votes as set forth in the following schedule:

<u>Tract</u>	<u>Number of Votes per Tract</u>
1	20
2	20
3	20
<u>Lot</u>	<u>Number of Votes per Lot</u>
1-111	1

Section 4. Arbitration. Any property owner aggrieved by or disputing a decision of the Association or its Board of Directors shall submit the dispute to arbitration. Each party to the dispute, including the Association, shall choose an arbitrator, and such arbitrators shall choose one additional arbitrator. The decision shall be by a majority of the arbitrators.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal obligation of Assessments. The Developer, for each tract and/or lot owned within SALEM VILLAGE, hereby covenants, and each Owner of any tract and/or lot in SALEM VILLAGE by acceptance of a deed of conveyance therefore, whether or not is shall be so expressed in such deed of conveyance, is deemed to covenant and agree to pay to the Association:

- (a) Annual assessments or charges, and
- (b) Special assessments for capital improvements.

All assessments provided for herein shall be established and collected as hereinafter provided. The annual and special assessments, together with interest, cost and reasonable attorney's fees, shall be a charge on the tract and/or lot and shall constitute a continuing lien upon the tract and/or lot against which such assessment is made. Each of such assessments together with interest, cost, and reasonable attorney's fees, shall constitute the personal obligation of the person who was the Owner of such tract and/or lot at the time when the assessment became due and payable.

Section 2. Purpose of Assessment. The annual and special assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the subdivision, including but not limited to the following:

- (a) Improvement, maintenance and repair of the Common Areas;
- (b) Water, garbage, electrical lighting, telephone, gas and other necessary utility services for the Common Areas;
- (c) Maintenance and repair of all storm drains, parks, private roads, and easements shown on the Plat of SALEM VILLAGE including the maintenance and clearing of drainage pipes and inlets located with SALEM VILLAGE, except the following which shall be maintained by the City of Fayetteville:

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- (i) Line K running parallel to Salem Road along the entire East boundary of SALEM VILLAGE;
- (ii) Line E which crosses and runs parallel to Clabber Creek Boulevard;
- (iii) Line D which crosses Clabber Creek Boulevard and then crosses Belmont Circle and runs Parallel to Belmont Circle and runs Southwesterly until it intersect and crosses Thames Drive;
- (iv) Line F which crosses Thames Drive;
- (d) Fire insurance covering the full insurable replacement value of the Common Areas with extended coverage;
- (e) Liability insurance insuring the Association against any and all liability to the public, to any Owner, or to the invitees, or tenant of any Owner arising out of their occupation and/or use of the Common Area. The policy limits shall be set by the Association, and shall be review at least annually and increased or decreased at the discretion of the Association;
- (f) Acquisition of furnishings and equipment for the Common Areas as may be determined by the Association, including without limitation, all equipment, furnishings, and personnel necessary or proper for use of the Common Areas.
- (g) Any and all improvement, maintenance, or repair of the Natural Park which shall require prior approval of the City of Fayetteville and the U.S. Army Corps of Engineers;
- (h) Installation and maintenance of street signs, traffic control signs, and street lights, including related utility charges, for the roadways and alleyways as indicated on the plat of SALEM VILLAGE in compliance with City of Fayetteville Standards and subject on an agreement between the City of Fayetteville and the Association, dated March 27, 1997, and attached hereto as Exhibit "A" and incorporated herein;
- (i) Any other material, supplies, equipment, labor, management, supervision, services, personnel, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay pursuant to the terms of this Declaration, or by Public Law, or which shall be necessary or proper in the opinion of the Board of Directors of the Association for the operation of the Common Areas, for the benefit of the Owners, or for the enforcement of these restrictions.

Section 3. Annual Assessments. The Board of Directors shall fix the annual assessment, which shall be in amounts determined in accordance with the projected financial needs of the Association as to which the decision of the Board of the Association shall be dispositive.

Section 4. Special Assessments for Capital Improvements and Major Repairs. In addition to the annual assessment, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, re-construction, unexpected repair or replacement of a capital improvement as approved by the Board of Directors, including the necessary fixtures and personal property related thereto, provide that any such assessment shall have the approval of two-thirds (%) of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance, and shall set forth the purpose of the meeting.

Section 5. Uniform Rate of Assessment. The annual and special assessments shall be fixed at a uniform rate for all tracts and/or lots and the Board of Directors of the Association may require such assessments to be paid on a monthly basis.

Section 6. Date of Commencement of Annual Assessments-Due Dates. The annual assessments provided for herein shall commence as to each tract and/or lot on the first day of the next month following the date of the first to occur of either (i) the completion and occupancy of a structure placed on the lot or tract, or (ii) two years after the conveyance of the lot or tract. During the period of the Developer's right and obligations as set forth in Article III, the Developer shall be responsible for the obligations of the Association, to the extent not

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provide for by the assessments. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each tract and/or lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to each Owner subject thereto by ordinary mail at his address as reflected on the records of the Association. The due dates of the assessments shall be determined by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an office of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot or tract is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments – Remedies of the Association.

Any assessment that is not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10) percent per annum. The Association may institute a legal action against the Owner personally obligated to pay the same, or foreclose the lien against the lot or tract, or both. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or the abandonment of his lot or tract.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot or tract shall not affect the assessment lien. However, the sale or transfer of any lot or tract pursuant to a mortgage foreclosure or any proceeding in lien thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such lot or tract from liability for any assessments thereafter becoming due and payable or from the lien therefore.

Section 9. City of Fayetteville a Third-Party Beneficiary. The City of Fayetteville shall be a third-party beneficiary of these covenants, and the City of Fayetteville shall have the right to enforce the requirements for the Common Area, including private streets and alleyways regardless of the vote of the tract and/or lot Owners. If the Common Area is not maintained as required by these covenants, the City of Fayetteville shall have the right, but shall not be required, to maintain such Common Area and charge all such maintenance cost to the tract and/or lot Owners on a pro rata basis according to assessed valuation of ad valorem tax purposes and shall have a lien on the property as security for the payment of such maintenance costs.

ARTICLE VIII

EXTERIOR MAINTENANCE ASSESSMENT

Section 1. Exterior Maintenance. In addition to maintenance upon the Common Area, the Association may provide upon any lot requiring same, when necessary in the opinion of the Board to preserve the beauty, quality and value of the neighborhood, maintenance, including paint, repair, roof repair and replacement, gutters, down-spouts, exterior building surfaces, and yard clean-up and/or maintenance; provided, however, that ten (10) days of written notice must first be given to the Owner of any such lot(s) of the need of such clean-up and/or maintenance. The Board of Directors shall determine a reasonable amount to be assessed to the Developer for the mowing and maintenance of unsold lots and an appropriate time for assessment.

Section 2. Assessment of Costs. The cost of such maintenance shall be assessed against the lot(s) upon which such maintenance is performed, or, in the option of the Board of Directors of the Association, benefiting from same. The assessment shall be apportioned among the lots involved in the manner determined to be appropriate by the Board. If no allocation is made, the assessment shall be uniformly assessed against all of the lots in the affected area. The exterior maintenance assessments shall not be considered a part of the annual or special assessments. Any exterior maintenance assessment shall be a lien on the lot(s) and the personal obligation of the Owner and shall become due and payable in all

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respects, together with interest, reasonable attorney's fees, and cost of collection, as provided for the other assessments of the Association and shall be subordinate to mortgage liens as provided by ARTICLE VII.

Section 3. Access at Reasonable Hours. For the purpose of performing the maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any lot and/or tract of the exterior of any improvements thereon at reasonable hours any day except Sunday.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Necessity of Architectural Review and Approval. No improvement or structure of any kind, including, without limitation, a building, fence, wall, swimming pool, screen enclosure, sewer, drain, disposal system, decorative building, landscape device or object, or other improvement shall be commenced, erected, placed or maintained upon any lot, nor shall any addition, change or alteration therein or thereof be made unless and until the plans, specification and location of the same shall have been submitted to, and approved in writing by the Board of directors of the Association. All plans and specifications shall be evaluated as to harmony of external design and location in relation to surrounding structures and topography and as to conformance with the Architectural Planning criteria of the Association, as established by the Board.

Section 2. Architectural Review Board. The architectural review and control functions of the association shall be administered and performed by the Architectural Review Board (the ARB), which shall consist of three (3) members, who need not be members of the Association and shall be appointed by , and shall serve at the pleasure of, the Board of Directors of the Association. A majority of the ARB shall constitute a quorum to transact business at any meeting at which a quorum is present shall constitute the action of the ARB. Any vacancy occurring on the ARB because of death, resignation, or other termination of service of any member thereof, shall be filled by the Board of Directors.

Section 3. Powers and Duties of the ARB. The ARB shall have the following powers and duties:

(a) To recommend, from time to time, to the Board of directors of the Association modifications and/or amendments to the Architectural Planning Criteria which shall be consistent with the provisions of the Declaration, and shall not be effective until adopted by a majority of the members of the Board of directors of the Association at a meeting duly called and noticed and at which a quorum is present and voting. Notice of any modification or amendment to the Architectural Planning Criteria, including a verbatim copy of such change or modification, shall be delivered to each member of the Association; provided that, the delivery to each member of the Association of notice and a copy of any modification or amendment to the Architectural Planning Criteria shall not constitute a condition precedent to the effectiveness or validity of such change of modification.

(b) To require submission to the ARB to two (2) complete sets of all plans and specifications for any improvement or structure of any kind, including, without limitation, any building, fence, well, swimming pool, tennis court, enclosure, sewer, drain, disposal system, decorative building, landscape device or object, or other improvement, the construction or placement of which is proposed upon any tract or lot in SALEM VILLAGE. The ARB may also require submission of samples of building materials proposed for use on any lot or tract, and may require such additional information as reasonably may be necessary for the Board to completely evaluate the proposed structure of improvement in accordance with this Declaration

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and the Architectural Planning Criteria.

(c) to approve or disapprove any improvement or structure of any kind, including without limitation, and building, fence, wall, swimming pool, tennis court, screen enclosure, sewer, drain, disposal system, decorative building, landscape device or object, or other improvement of change or medication thereto, the construction, erection, performance or placement of which is proposed upon any lot of tract in SALEM VILLAGE, and to approve or disapprove any exterior additions, changes, modifications or alterations therein or thereon. All decisions of the ARB shall be submitted in writing to the Board of Directors of the Association. Any party aggrieved by a decision of the ARB shall have the right to make a written request to the Board of Directors of the Association, within thirty (30) days of such decision, for a review thereof. The determination of the Board upon review any such decision shall in all events be dispositive.

ARTICLE X

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall that is constructed as a part of the original construction of a Town House in SALEM VILLAGE and placed on the dividing line between the lots shall constitute a party wall, and each fence that is placed on the dividing line between lots shall constitute a party fence. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and party fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fences shall be shared by the Owners who make use of the wall or fence in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall or fence is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence may restore it, and if the other Owners thereafter make use of the wall or fences, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Owner's Liability for Negligence. Notwithstanding any provision contained in this Article to the contrary, an Owner who by his negligent or willful act causes the party wall or fence to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Changes to Party Walls and Party Fences. An Owner desiring to make changes to a party wall or fence in any manner affecting the appearance of such from the adjoining property owner's side or in any way that may affect the adjoining property owner's use and enjoyment shall secure the written approval of the adjoining property owner in addition to any other approvals required by this Declaration or Public Laws.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Article, each party shall choose one arbitrator, and any such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE XI

GENERAL PROVISIONS

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
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Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Developer, the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of Twenty-Five (25) years from the date this Declaration is recorded, after which time said covenants and restrictions shall automatically be extended for successive periods of ten (10) years unless an instrument signed by the then Owners of two-thirds (%) of the lots has been recorded, agreeing to change or terminate said covenants and restrictions in whole or in part.

Section 2. Enforcement. The Association, or any Owner, shall have their right to enforce, by any proceeding in law or in equity, all restriction, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Notices. Any notices required to be sent to any member or Owner under the provision of this Declaration shall be deemed to have been properly sent when mailed, post paid, to the last known address of the person who appears as member or Owner on the records of the Association at the time of such mailing.

Section 4. Severability. Invalidity of any one or more of these covenants and restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5. Amendment. Subject to the Developer's rights and obligation provided in Article III, this Declaration may be amended at any time from time to time upon the execution and recordation of an instrument executed by Owners holding not less than two-thirds (%) of the voting interest of the membership, provide, however, that while the Developer is the Owner of any lot or tract or any property affected by this Declaration, or amendment thereto, no amendment will be effective without Developer's express written joinder and consent.

Section 6. Usage. Whenever used the singular shall include the plural and singular, and the use of any gender shall include all genders.

Section 7. Effective Date. This Amended and Restated Declaration shall become effective upon its recordation in the Public Records of Washington County, Arkansas.

In Witness Whereof, the Developer has caused these presents
to be executed as of this 8th day of January, 1998.

TRADITIONAL INVESTMENTS LIMITED
PARTNERSHIP, an Arkansas
Limited Partnership

A.W.R. INVESTMENTS, INC.,
General Partner


GERALD B. JONES, PRESIDENT

ATTEST:

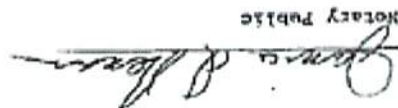

ANN W. JONES, SECRETARY/TREASURER

AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS

ACKNOWLEDGEMENT

STATE OF ARKANSAS
COUNTY OF WASHINGTON

On this ____ day of January, 1998, personally appeared before
me, a notary public, the undersigned officers GERALD B. JONES and
JAN M. JONES who acknowledged themselves to be the President and
Secretary/Treasurer of A.W.M. INVESTMENTS, INC., and that they as
such officers being authorized so to do, executed the foregoing
instrument for the purposes therein contained.
IN WITNESS WHEREOF I hereunto set my hand and official seal.


Notary Public

Expires: 3-3-2002



DISCLAIMER: THIS IS A RE-TYPED COPY OF THE AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SALEM
VILLAGE PROPERTY OWNERS' ASSOCIATION. TO SEE A COPY OF THE FILED
DOCUMENT, PLEASE CHECK OUR WEBSITE, OR THE WASHINGTON COUNTY,
ARKANSAS PUBLIC RECORDS.