

Pinnacle Covenants Amendment
Frequently Asked Questions for the POA

1. What is the purpose of the amendment? There are two main goals. First, to give the POA the ability to handle matters commonly handled by property owners' associations, such as enforcement of covenants. Second, to ensure the common properties are maintained and used in a manner that benefits the homeowners and preserves Pinnacle's reputation as the premier residential neighborhood in Northwest Arkansas.
2. Does the amendment change any of the existing use restrictions? No, the amendment does not change existing restrictions or add new restrictions. The amendment will provide the POA the express authority to enforce violations of the covenants, including existing use restrictions.
3. Does the amendment grandfather in any current violations of the covenants? No, the amendment has no effect on any existing violations of covenants. If a violation existed prior to the amendment, the violation remains.
4. How are POA assessments, sometimes referred to as POA dues, currently spent? The primary use of existing assessment funds has been to maintain and improve the roads and related improvements (such as drains, curbs, and street lights), related aesthetics, administrative costs, and operating the POA for the homeowners' benefit. The POA assessments are separate from the assessments paid to the Club for security.
5. What power does the POA have to enforce the covenants? Currently, the POA has no express authority to enforce the covenants. With the amendment, the authority will provide a more consistent approach to Covenants enforcement and allow the POA to perform its duties and take other actions consistent with homeowner expectations.
6. What power does the POA have? Currently, the POA has the authority to collect assessments for and maintain roads, and certain drainage structures and exterior fences.
7. Are we going to have an annual meeting? Yes. One of the goals of the all-volunteer POA board in connection with the amendment is to provide more transparency and opportunities for homeowners to be involved and have a voice in the management of the Pinnacle neighborhood. This includes annual meetings of the homeowners.
8. How will the POA communicate with homeowners following the amendment? The amendment provides the ability for the POA to effectively communicate in a manner consistent with the expected obligations of property owners' associations. Planned methods of communicating include periodic meetings, social media, and newsletters.
9. Does the POA have the power to stop speeders? No, speeding is not a violation of the covenants. The covenants amendment will provide the POA the ability to adopt rules for use of the roads in a safe manner.

10. Why did the POA install speed ramps? The POA owns the north side roads. The Board decided that immediate safety needs necessitated a change and that the speed ramps were the most efficient way to do so.
11. Are all of the projects listed in the prior letter going to be done? Those items are suggestions, and no decisions about specific projects have been made. The board intends to have any major new capital improvements voted upon by the members. The goal of the POA board is to allow for projects that will improve quality of life, safety, ease of access, and enhancement of neighborhood property values.
12. Why is the POA seeking an increase in POA assessments? Based upon projected needs, the POA is not sufficiently funded to allow the POA to perform the duties commonly placed on property owners' associations and expected by the homeowners. The South Side roads were recently resurfaced at a cost of almost \$650,000. The North Side roads are almost 25 years old. The assessment increases provided by the current covenants are limited to the increase in the consumer price index which does not take into account cost increases for building materials and other maintenance items. Many common improvements such as roads, drainage structures, and exterior walls/fences are already in need of repair or will be in the near future.
13. How are the Club and the POA related? The Club and the POA are separate and independent entities. The Club has no control over the POA, and the POA has no control over the Club. The Club is a for-profit business that operates security as well as the clubhouse, golf course, tennis, and other Club facilities. The POA is operated by the all-volunteer Board comprised of Pinnacle homeowners. The Club is a business, and the POA is a nonprofit corporation working for the benefit of the homeowners. Assessments paid to the POA are separate from the assessments paid to the Club for security.
14. How is security currently managed by the POA and/or the Club? The POA has no responsibility for security operations. The Club has sole responsibility for security operations and the sole right to collect security assessments which are separate from the POA assessments. The amendment will not change responsibilities for security. However, in connection with the amendment, the Club and the POA board have agreed to a process whereby homeowner concerns raised to the POA will be communicated to the Club. POA board members would then meet with Club and security representatives to work together and address the homeowner concerns, providing better service to homeowners.
15. What's in it for the Club? The amendment allows homeowners, many of which are Club members, to have a voice regarding matters that affect the Club and the community as a whole and to further common interests. Obviously a safe, well maintained, and high quality community and homeowners who take an active role in the neighborhood benefit both the Club and the homeowners.
16. What is the downside of the covenants amendment to the homeowner? Assessments will increase. However, the increased amount will be consistent with amounts paid by

other first class residential subdivisions and will allow the POA additional funds to benefit homeowners and property values, and to fulfill obligations in the future.

17. What if the homeowner name or lot information is incorrect on the consent form provided? You may cross out the incorrect information and write in the correct information.
18. What if I still want to vote 'no' on the covenants amendment? We sincerely hope you will review all the questions and answers in this FAQ, ask the POA board any additional questions you may have, and come to understand the need for the amendment. However, if you prefer things to stay the same and for the POA not to have greater ability to look out for your interests as a homeowner, you may vote 'no' simply by not signing the amendment.
19. What happens if we don't pass the amendment? The POA will not be capable of enforcing the covenants in a meaningful way to protect the property values of the homeowners. The POA will continue to assess for roads and related improvements as it has done, and homeowners will have no control or vote over any other matters affecting the Pinnacle neighborhood.

We want homeowners to have a voice in how our community is managed and to provide the POA the tools it needs to improve our collective quality of life, provide a safe neighborhood, and maintain our property values well into the future. We appreciate your support and welcome your suggestions and questions on how we can work together to make Pinnacle the best it can be.