

**AMENDED AND RESTATED**

**BYLAWS**

**OF**

**GRAND VALLEY LAKES PROPERTY OWNERS**  
**ASSOCIATION, INC.**

**ADOPTED**

**MARCH 28, 1998**

TABLE OF CONTENTS

|   | Page |
|---|------|
| ARTICLE I NAME  | 1    |
| ARTICLE II PRINCIPAL OFFICE                                   | 1    |
| ARTICLE III DEFINITIONS                                       | 1    |
| A. "Amended Covenants"  | 1    |
| B. "Approved by the Association"                              | 1    |
| C. "Association"  | 1    |
| D. "Bylaws"   | 2    |
| E. "Camper Lot (s)"   | 2    |
| F. "Common Area or Common Areas"                              | 2    |
| G. "Declaration"  | 2    |
| H. "Lot"  | 2    |
| I. "Member"   | 2    |
| J. "Member (s) in Good Standing"                              | 3    |
| K. "Mobile Home Lot (s)"                                      | 3    |
| L. "Owner"  | 3    |
| M. "Obligations"  | 3    |
| N. "Occupant"   | 3    |
| O. "Person"   | 3    |
| P. "Plat" or "Plats"  | 3    |
| Q. "Properties" or "Property"                                 | 4    |
| R. "Register's Office"  | 4    |
| ARTICLE IV PURPOSES   | 4    |
| ARTICLE V MEMBERSHIP  | 6    |
| A. Eligibility  | 6    |
| B. Compliance   | 6    |
| C. Member in Good Standing                                    | 6    |
| D. Family Unit Rights to Use Common Areas                     | 7    |
| E. Corporate, Partnership, or Other Legal Entity              | 7    |
| F. Assignment of Rights to Use Common Areas                   | 7    |
| G. Automatic Termination                                      | 7    |
| H. Suspension of Membership Rights                            | 7    |
| I. Termination of Membership for Cause                        | 8    |
| J. Use of Common Areas Following Suspension or Termination    | 8    |
| K. Payment of Obligations Following Suspension or Termination | 8    |
| L. Voting and Voting Rights                                   | 8    |

|   |    |
|---|----|
| ARTICLE VI MEETINGS                         | 9  |
| A. Location                                 | 9  |
| B. Annual Meetings                          | 9  |
| C. Special Meetings                         | 9  |
| D. Fixing Record Date                       | 9  |
| E. Notice of Meetings                       | 10 |
| F. Waiver of Notice                         | 10 |
| G. Quorum of Members                        | 10 |
| H. Counting of Votes                        | 10 |
| I. Number of Votes Per Matter               | 10 |
| J. Proxies                                  | 10 |
| K. Order of Business                        | 11 |
| L. Rules of Order                           | 11 |
| M. Order of Business At Other Meetings      | 11 |
| N. Voting Inspectors and Conduct of Voting  | 11 |
| ARTICLE VII BOARD OF DIRECTORS              | 12 |
| A. Board of Directors                       | 12 |
| B. Number, Qualification and Term of Office | 12 |
| C. Nomination and Election                  | 12 |
| D. Removal and Resignations                 | 13 |
| E. Quorum                                   | 14 |
| F. Action of the Board                      | 14 |
| G. Vacancies On the Board                   | 14 |
| H. Time and Place of Board Meetings         | 14 |
| I. Notice of Meetings and Waivers           | 15 |
| J. Powers and Duties                        | 15 |
| K. Compensation                             | 17 |
| L. Liability of Directors                   | 17 |
| M. Fidelity Bonding                         | 17 |
| ARTICLE VIII OFFICERS                       | 17 |
| A. Selection                                | 17 |
| B. President                                | 18 |
| C. Vice-President                           | 18 |
| D. Secretary                                | 18 |
| E. Treasurer                                | 18 |
| F. Removal and Resignation                  | 19 |

|   |    |
|---|----|
| ARTICLE IX MISCELLANEOUS PROVISIONS AS TO DIRECTORS OR OFFICERS   | 19 |
| A. Contracts With Interested Parties                              | 19 |
| B. Indemnification  | 19 |
| C. Statutory Indemnification, Limitation of Actions, and Immunity | 20 |
| ARTICLE X FISCAL MANAGEMENT                                       | 20 |
| A. Accounting Basis and Fiscal Year                               | 20 |
| B. Dues and Assessment Records                                    | 20 |
| C. Bank Accounts  | 21 |
| D. Annual Audit   | 21 |
| ARTICLE XI DUES, ASSESSMENTS, AND OTHER OBLIGATIONS               | 21 |
| A. Preparation of Budgets   | 21 |
| B. Availability of Budgets  | 22 |
| C. Annual Dues or Assessments                                     | 22 |
| D. Maximum Annual Dues  | 23 |
| E. Water Rates and Availability Fees                              | 23 |
| F. Special Assessments  | 23 |
| G. Payment of Obligations   | 24 |
| H. Waiver of Obligations  | 25 |
| I. Notice of Conveyance and Ownership                             | 25 |
| ARTICLE XII RULES AND REGULATIONS AND MISCELLANEOUS MATTERS       | 26 |
| A. Rules and Regulations  | 26 |
| B. Inspection of Records  | 26 |
| C. Notices  | 26 |
| D. Gender   | 26 |
| E. Waiver   | 26 |
| F. Appeal Rights  | 27 |
| G. Amendment to Bylaws  | 27 |

**AMENDED AND RESTATED  
BYLAWS  
OF  
GRAND VALLEY LAKES PROPERTY OWNERS ASSOCIATION, INC.  
AS ADOPTED  
MARCH 28, 1998**

ARTICLE I

NAME

The name of corporation is the Grand Valley Lakes Property Owners Association, Inc. (the "Association" or "Corporation")

ARTICLE II

PRINCIPAL OFFICE

The principal office of the corporation shall be at the Grand Valley Lakes Subdivision, Hardeman County, Tennessee. The mailing address of the Corporation is 135 Golf Drive, Saulsbury, TN 38067.

ARTICLE III

DEFINITIONS

The following words, when used in these Bylaws or any amendment or supplement hereto, shall, unless the context shall clearly require to the contrary, have the following meanings:

A. "Amended Covenants" shall mean and refer to the Amended and Restated Restrictive Covenants for Grand Valley Lakes Subdivision, Hardeman County, Tennessee.

B. "Approved by the Association" shall mean action taken by the Association in accordance with its Charter or Bylaws whether by vote of its Board of Directors, Members in Good Standing, or otherwise as allowed by the Charter, Bylaws, or applicable law.

C. "Association" shall mean and refer to this corporation, the Grand Valley Lakes Property Owners Association, Inc., a non-profit corporation organized and existing under the laws of the State of Tennessee, its successors and assigns.

D. "Bylaws" shall mean and refer to these corporate bylaws of the Association as they may exist from time to time.

E. "Camper Lot(s)" shall mean and refer to Lot Numbers 1386-1431; 1434-1469; and 1499-1578, as shown on the Plat of record on Plat Book 3, Page 68, and Lot Numbers 1579-1667; 1470-1498; and 1362-1385, as shown on the Plat of record in Plat Book 3, Page 70 both of the Registers Office.

F. "Common Area" or "Common Areas" shall mean and refer to any and all real property designated on the Plats as "Green Belt," "Public Area," or "Recreation & Green Area," including without limitation all lakes and the real property lying under said lakes, golf course, recreation center, lodge, owned by the Association, and such other property to which the Association may hold legal title (except Lots), whether in fee or for a term of years, for the non-exclusive use, benefit, and enjoyment of the Members in Good Standing of the Association, subject to the provisions hereof, and such other property as shall become the responsibility of the Association, through easements or otherwise, including any lakes and recreational areas, regardless if shown on the Plats and designated thereon as "Green Belt," "Public Area," "Recreation & Green Area," "Common Areas," or "Open Space," or such other comparable designation.

G. "Declaration" shall mean the Declaration of Amended and Restated Restrictive Covenants for Grand Valley Lakes Subdivision Hardeman County, Tennessee, as recorded, including any amendments thereto.

H. "Lot" shall mean and refer to any plot of land to be used for single-family residential purposes and so designated as a Lot upon the Plats or any amendment or supplement thereto.

I. "Member" shall mean and refer to any person who shall be an Owner and, as such, a member of the Association as hereinafter defined in Article V below.

J. "Member(s) in Good Standing" shall mean and refer to any person(s) who shall be determined to be as such in accordance with Article V below.

K. "Mobile Home Lot(s)" shall mean and refer to those lots numbered 1175-1213; 1227-1266; 1330-1361; 1214-1226; 1267-1308; 1309-1329; 1432; and 1433, as depicted on the sheets of record, showing these lots, in Plat Book 3, pages 33, 40, and 66 of the Registers Office.

L. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of the fee interest in any Lot

or portion of a Lot, excluding, however, those parties having such interest merely as security for the performance of an obligation.

M. "Obligations" shall mean and refer to any sum of money owed to the Association by any Owner or Occupant, including without limitation water availability, water usage, and water connection fees; special, monthly, annual, or regular dues and assessments or other charges for the creation and continuation of operating and/or capital funds in amounts to be established from time to time by the Association in accordance with the Bylaws, including any sums owed as a result of the violation of the Declaration, the Bylaws, or any rules or regulations adopted by the Association, together with the costs and expenses of the Association of enforcing the respective provisions.

N. "Occupant" shall mean and refer to any individual who shall be an Owner, or if not an owner, the individual(s) who shall occupy or use any structure erected on any Lot.

O. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust, or other legal entity.

P. "Plat" or "Plats" shall mean and refer to those drawings of the various subdivision sections, whether or not more than one sheet, recorded in the Plat Books of the Register's Office, together with any amendments and supplements thereto and all restrictions, or notations shown thereon. Provided, however, the restrictions that may be set forth on any Plat shall be superseded by the Amended Covenants. As of March 21, 1998 the defined Plats appear of record in Plat Book 3, Pages 11, 12, 21, 22, 26, 33, 37, 40, 44, 46, 47, 48, 49, 50, 66, 68, and 70 of the Register's Office.

Q. "Properties" or "Property" shall mean and refer to any and all of that certain real property now, or which may hereafter be brought within that certain residential subdivision commonly known as Grand Valley Lakes, Hardeman County, Tennessee and shown on the Plats.

R. "Register's Office" shall mean the Register's Office for Hardeman County, Tennessee or such other governmental office as may be designated by the laws of the State of Tennessee as the place for recording documents affecting or pertaining to real property.

ARTICLE IV

PURPOSES

The purposes for which the Corporation is organized are:

A. To assist in the development and maintenance of a community designed for safe, healthful, and harmonious living.

B. To promote the collective and individual property and civic interest and rights of all persons, firms, and corporations owning property in Grand Valley Lakes Subdivision.

C. To care for the improvements and maintenance of all property and assets owned by the Association, including without limitation a community center, gateways, public easements, parkways, grass plots, parking areas, any facilities of any kind dedicated to the community use, open spaces and other ornamental features owned by the Association.

D. To cooperate with the Owners of all Lots now existing, or which hereafter shall exist in the Property in keeping them in good order and sightly condition, and in preventing them from becoming a nuisance and detriment to the beauty of the remaining Lots and Property, and to the value of the improved property therein; and to take any action with reference to any Lots as may be necessary or desirable to enforce the Amended Covenants applicable thereto.

E. To aid and cooperate with the Members of this Corporation and all Owners in the enforcement of such conditions, covenants, and restrictions on the appurtenances to their property as are now in existence as well as any other conditions, covenants, and restrictions that shall hereafter be approved.

F. In general, but in connection with foregoing, to do any and all things necessary to promote the general welfare of the residents, Occupants, and Owners of any portions of the Property, and their property interest therein. To acquire, own, or lease such real and personal property as may be necessary or convenient for the transaction of its business and the fulfillment of its business, and the fulfillment of its purposes and objects.

G. To aid and arrange social and recreational functions for the Members.

H. To exercise any and all powers which may be delegated to it from time to time by the Owners.

I. This Corporation shall not engage in political activity, or pursue political purposes of any kind or character.

J. To promote and develop charitable, educational, and recreational purposes among the Members and Owners.

K. No dividends shall be paid and no part of the income or profits shall be distributed to its Members, director or officers. The Corporation may pay compensation in a reasonable amount to its Members, but not if they are a director or officer, for services rendered, subject to any other applicable laws. Any employee to be hired shall be selected by the Board of Directors, which shall also establish his or her compensation.

L. To acquire, own and operate public or private utility corporations or water works that provide services predominantly to the Lots.

M. In no event shall the Corporation extend it's funds, income, or profits to another by way of personal or business loan or otherwise. It shall be consistent with the purposes of this Corporation, upon consent and approval by the Board of Directors to secure loans or lines of credit from any person, association of persons, or corporations for the furtherance of corporate projects or endeavors.

N. To carry out any other lawful purpose permitted by a corporation organized and operating pursuant to the Tennessee Nonprofit Corporation Act and not specifically limited or prohibited by the Charter of the Association. No action shall be taken that would invalidate the not for profit status existing under the Internal Revenue Code of the United States.

## ARTICLE V

### MEMBERSHIP

A. Eligibility. Every person who purchases a Lot must become a Member of this Corporation. Governmental entities, banks, finance companies, and other financial institutions owning Lots as a result of foreclosure under deeds of trust and/or mortgages, by tax sales for delinquent taxes, or by deeds in lieu of such foreclosure action, are not eligible for membership nor have any rights to use the Common Areas. When any Lot is owned of record in joint tenancy, tenancy in common, tenancy by the entirety, or by some other legal entity, the membership as to such Lot shall be joint and the rights of such

membership (including the voting power arising therefrom) shall be exercised only as set forth herein.

B. Compliance. Membership shall include an undertaking by each Member to comply with these Bylaws and the rules and regulations as promulgated and adopted by the Corporation as well as the Declaration.

C. Member in Good Standing. A Member in Good Standing is an Owner whose membership rights have not been suspended or terminated in accordance with Paragraphs H and I of this Article. Membership rights shall be determined on a Lot by Lot basis.

D. Family Unit Rights to Use Common Areas. The immediate family residing with the Member in Good Standing shall have all the rights of the Member in utilizing all Common Areas and facilities of the Association.

E. Corporate, Partnership, or Other Legal Entity. The Owner of a Lot(s) titled in a legal entity such as a corporation, partnership, trust, or limited liability company, shall be deemed to have four (4) individuals who may exercise the rights of Members to use the Common Areas. The governing body of such legal entity shall designate in writing to the Association those persons who may exercise these usage rights. No single legal entity regardless of the number of Lots owned, may designate more than four (4) individuals who may exercise the rights of Members to use the Common Areas. This provision shall also apply to a legal entity that may hold membership rights by assignment.

F. Assignment of Rights to Use Common Areas. An Owner who is a Member of this Corporation may assign his membership rights for use of the common facilities. Only the Owner of a lot shall be entitled to exercise the voting rights unless assigned by proxy as set forth below. In any case, when the Owner assigns his rights to use the Common Areas to another, he no longer has the right to use any Common Areas. Such assignment shall be in writing by way of lease or otherwise, and a copy thereof shall be provided by the Owner to the Association to become effective and binding upon the Corporation.

G. Automatic Termination. Membership in the Association shall automatically terminate upon the date a Member ceases to be an Owner of a Lot.

H. Suspension of Membership Rights. Membership in the Association of the Owner, and all rights associated therewith, shall be automatically suspended when any Obligation(s) associated with

that Lot become delinquent. An Obligation becomes delinquent when it is not paid within thirty (30) days of when due. Further, in the event of a material breach (other than the payment of Obligations) of the terms and conditions of the Declaration, these Bylaws, or any rules and regulations of the Association, and after at least fifteen (15) days written notice of the breach, and the failure to cure the breach within the time period stipulated therefore in the notice, the membership of the Owner shall be suspended until the breach has been cured. An Owner, may request a hearing orally or in writing, not less than five (5) days before the effective date of the suspension before the Board of Directors or its designee(s). An Owner whose membership rights have been suspended is not a Member in Good Standing as to that Lot.

I. Termination of Membership for Cause. An Owners membership in the Association may be terminated for cause for any repeated or continuous violation of any provisions of the Declaration, these Bylaws, or any rules and regulations of the Association, after fifteen (15) days written notice of the violations, the opportunity to be heard by the Board of Directors at least five (5) days prior to the effective date of the termination, and the majority vote of the Board of Directors terminating the membership.

J. Use of Common Areas Following Suspension or Termination. Once a membership of an Owner is suspended or terminated, all rights of use of the Common Areas, facilities, and roadways appurtenant to membership in the Association for that Lot shall immediately terminate for all individuals having usage rights through, or by assignment from, that Owner. Provided, however, that the Owner may continue to have access to his Lot over the roadways of the Association following the most direct route from the main Property entrance on Lake Hardeman Road to the Lot.

K. Payment of Obligations Following Suspension or Termination. The suspension or termination of membership in the Association shall not affect in any respect the liability of any Owner to the Corporation for any Obligations whether due, past due, or becoming due in the future, except when termination is the result of the sale of the Lot which shall terminate the liability for Obligations coming due thereafter.

L. Voting and Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lot. The Owner of each Lot who is a Member in Good Standing with respect to that Lot shall be entitled to one (1) vote. When two (2) or more persons hold an interest in any Lot as owners thereof, the vote for

such Lot shall be exercised by one (1) of such persons as proxy or nominee for all persons holding an interest as Owners by all the titled owners designating in writing to the Association the individual who may cast the vote for the Lot. The signature of all record owners of a Lot on a written ballot, or petition, shall be sufficient to indicate the vote for that Lot. A corporate Member's vote shall be cast by the President of the member corporation or any other officer or proxy designated by the President or Board of Directors of such corporation. In no event shall more than one (1) vote be cast with respect to any Lot.

## ARTICLE VI

### MEETINGS

A. Location. All membership meetings of the Corporation shall be held in Hardeman County, Tennessee and if practical in a building on the Property. The notice of any meeting shall specify the location.

B. Annual Meetings. The annual meetings of the Members of the Corporation shall be held on the third (3rd) Saturday of April, beginning at 10:00 A.M. local time. At such annual meetings, the Members of the Corporation shall elect members of the Board of Directors.

C. Special Meetings. Special meetings of the Members of the Corporation may be called by the President, Vice-President, Secretary, or by a majority of the Board of Directors. A meeting must be called by any such officer after receipt of a written request for a special meeting signed by Members in Good Standing, at the time the request is presented, having the right to cast at least one hundred fifty (150) votes. Such written request shall state the purpose or purposes of the proposed meeting. Said meeting shall be called and held within sixty (60) days of receipt of the written request or the vote of the Board of Directors. The business transacted at the special meeting shall be confined to the purposes stated in the notice unless four-fifths (4/5) of the Members in Good Standing present, either in person or by proxy, consent to the conduct of other business.

D. Fixing Record Date. Only those Members in Good Standing fifteen (15) days before any meeting of the Corporation shall be entitled to notice of such meeting. Only those Members in Good Standing at the time of commencement of any meeting are entitled to vote at said meeting.

E. Notice of Meetings. Notice of the meetings, other than the annual meeting, shall indicate and state that it is issued by or called at the direction of the person or persons calling the meeting and state the items to be considered at the meeting. All notices of any meetings shall be mailed not less than ten (10) nor more than thirty (30) days prior to the date of the meeting.

F. Waiver of Notice. Notice of meetings need not be given to any Member of the Corporation who signs a waiver of notice, either in person or by proxy, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting the lack of knowledge at the beginning of the meeting (or promptly upon the Members arrival) shall constitute a waiver of notice of the meeting only as to that Member.

G. Quorum of Members. A quorum at any meeting of the Members of the Corporation shall consist of the presence in person or by proxy of ten percent (10%) of the total votes entitled to be cast by Members in Good Standing. When a quorum is once present to organize the meeting, it cannot be broken by the subsequent withdrawal of Members of the Corporation. The Members present may adjourn the meeting despite the absence of a quorum.

H. Counting of Votes. If a quorum exists, action on a matter is approved if the votes cast in favor of the action exceed the votes cast opposing the action, unless the Charter, Bylaws, Declarations, or applicable state law specifically require a greater number of affirmative votes.

I. Number of Votes Per Matter. Each Member in Good Standing shall be entitled to one vote per Lot owned on each matter submitted to a vote of the Members. Only the voting rights appurtenant to Owners of those Lots whose Membership rights are in Good Standing with respect to a particular Lot (i.e. no Obligations are delinquent with respect to that Lot) shall be counted for determining quorum and votes cast.

J. Proxies. A vote may be cast in person or by proxy at any meeting. The provisions of T.C.A. Section 48-57-205, as in existence from time to time, shall govern the use of and voting by proxies.

K. Order of Business. The order of business at the annual meeting of the Members of the Corporation shall be:

1. Calling the roll and certifying of proxies.
2. Proof of notice of the meeting or certificate as to waiver of notice.

3. Reading of minutes of preceding meeting.
4. Reports of the officers of the Corporation.
5. Reports of any committees of the Corporation.
6. Election of Directors of the Corporation.
7. Unfinished business.
8. New business.
10. Adjournment.

L. Rules of Order. All meetings of Members of the Corporation shall be governed by the Modern Edition of *Robert's Rules of Order*, such edition and the interpretation thereof, as determined by the chairman in consultation with corporate counsel who shall be the Association's parliamentarian.

M. Order Of Business At Other Meetings. The order of business at all other meetings of the Members of the Corporation shall, as far as practical, conform to the order of business at the annual meeting insofar as the special purpose of the meeting will permit.

N. Voting Inspectors and Conduct of Voting. At any meeting of the Board setting a membership meeting, or as soon thereafter if a meeting is called without a Board meeting, the Board shall appoint three (3) neutral inspectors of the election. The inspectors need not be Members or Owners, and shall not be Officers, Directors, candidates, actively support any candidate, or be the spouse of an Officer, Director, or candidate. In the event that there appears to be a faction in opposition to the existing management of the Corporation, one inspector shall be a member of, or appointed by the opposing faction. The inspectors shall assist the Secretary in determining who are Members in Good Standing and giving proper notice to the Members; shall prepare the official ballots and proxies; and shall collect, receive, canvas, and report the votes cast at such election. They further shall report in writing to the Board any irregularities noted and the reason's therefore. No inspector shall be subject to suit for performing their functions, and shall be deemed to be acting for the Board, and thus subject to all the protections of Article VII, Paragraph L and Article IX, Paragraphs B and C as well as the statutory provisions referenced therein.

## ARTICLE VII

### BOARD OF DIRECTORS

A. Board of Directors. The Corporation shall be governed by a Board of Directors (the "Board").

B. Number, Qualification and Term of Office. The Board shall consist of nine (9) persons each of whom shall be over the age of twenty-one (21) years, and all of whom must be Members in Good Standing of the Corporation as to all Lots in which they have an ownership interest (the "Directors" or "Director"). Three (3) Directors shall be elected for a term of three (3) years at each Annual Meeting to fill the positions vacated by the expiration of the Directors elected at prior meetings. Despite the expiration of a Director's term, the Director continues to serve until a successor is elected, designated or appointed and qualifies, or until there is a decrease in the number of directors by amendment to the Bylaws.

C. Nomination and Election. The following procedure shall govern the nomination and election of Directors:

1. At least two (2) months preceding each annual meeting of the Corporation, there shall be appointed by the Board, a nominating committee of not less than three (3) persons, all of whom must be Members in Good Standing. The nominating committee shall meet with speed and, after considering the qualification of persons, shall select the persons, which shall be three or more, to be presented to the Members as candidates for election as a Director of the Corporation. The committee shall report its nominees by notice sent by mail to the Members in Good Standing at least fifteen (15) days prior to the date of the Annual Meeting. The names of the nominees shall be either typed or printed on a ballot as candidates for Director and shall designate the term, if other than a regular term of three (3) years.

2. Any ten (10) Members in Good Standing may nominate candidates for Directors by presenting such nominations in writing signed by them to the Chairman of the Nominating Committee or to the Secretary of the Corporation. Upon receipt of said nomination, the names of such candidates shall be typed or printed on the official ballot. Such nominating petition shall be presented not less than thirty (30) days prior to the annual meeting.

3. Nominations may be taken from the floor at any Annual Meeting. Said nominees' names shall not be required to appear on any printed ballot.

4. The candidates receiving a plurality of the votes cast shall be declared elected. Thus, those receiving the greatest number of votes out of the number to be elected shall be declared elected. In the case of a tie vote as to the last place to be filled, a new ballot shall be cast for those candidates with tie votes, in order to determine the last successful candidate, excluding those with a smaller number of votes who shall be declared defeated.

5. Members of the Board shall begin to serve at the next meeting of the Board of Directors after their election, or appointment by the Board as set forth below.

6. Directors elected to fill any vacancies due to death, resignation or removal of another Director shall serve for the remaining unexpired term of the director who they replace, irrespective of annual meetings of the Members of the Corporation, so as to not affect the staggering terms of Directors.

D. Removal and Resignations. The following shall govern the removal and resignation of Directors:

1. A member of the Board of Directors may be removed for cause by a two thirds (2/3) vote taken by the remaining Directors, or by a majority vote of the Members in Good Standing of the Corporation present in person or by proxy at a special meeting called for that purpose. The notice of the meeting shall set forth with particularity, the "cause" for which the director is being removed. "For Cause" shall include, without limitation, two (2) unexcused absences from regular meetings of the Board. The chairman of the meeting shall rule on the nature of the absence.

2. A Director may not be removed without cause unless notice of the request for his removal has been given to him, a resignation tendered him, and a special meeting of Members called for the purpose of removing the director without cause.

3. A Director may resign at any time by giving written notice to the Board, its chair, President, or the Secretary. Unless otherwise specified in the letter of resignation, the resignation shall take effect immediately upon receipt thereof by the Board or by the officers designated to receive the same, unless the notice specifies a later effective date. Acceptance of the resignation shall not be necessary to make it effective. A resignation will not relieve the director resigning from his liability by reason of malfeasance or negligence while in office nor effect the obligations of the Corporation to defend and indemnify him as a director for actions taken while a Director.

E. Quorum. A majority of Directors shall constitute a quorum for the transaction of business or for any specific item of business. If at any meeting there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At an adjourned meeting, any business which could have been transacted at the meeting originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing, indicating his vote with respect to the matters voted upon, and concurring in the minutes thereof shall constitute the presence of such Director for the

purpose of determining the presence of a quorum and his vote with respect to each matter.

F. Action of the Board. A quorum being present, a vote of the majority of those present shall constitute the action of the Board except as to those matters where the law, the Bylaws, or the Charter require a different majority.

G. Vacancies On the Board. Vacancies on the Board occurring, other than by expiration of a regular three (3) year term, may be filled by appointment by the remaining members of the Board. If the Board does not fill the vacancy, the vacancy shall be filled at the next meeting of Members. Any Director selected to fill a vacancy, shall meet the requirements of director set forth above and serve the remainder of the term of the director creating the vacancy.

H. Time and Place of Board Meetings. The Board shall meet regularly at least once every month at the office of the Corporation, at such times or at such other places as the Board may fix. The annual meeting of the Board of Directors shall be the first meeting of the Board following each annual meeting of Members. A special meeting of the Board may be called by the President or Vice-President on two (2) days notice. A special meeting must be called on the demand or request of two (2) Directors. No meeting of the Board, at which a vote is taken, shall be closed to any Member of the Corporation, but only Directors or Officers may participate in such meetings. Provided, however, that this shall not prohibit private meetings of the Board with legal counsel, which meetings may be closed to all but the Board, to preserve the attorney client privilege and confidences of the Corporation.

I. Notice of meetings and Waivers. Regular meetings, once established, may thereafter be held without notice at the time and at the place agreed upon by the Board. If the time or the place of regular meeting be changed by circumstances beyond the control of the Board, notice of the change shall be given in the same manner as for a special meeting. Notice of a meeting need not be given to any Director who submits a waiver of notice, whether such waiver be before or after the meeting. Attendance at the meeting shall be deemed to a waiver of notice thereof.

J. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things, except as by law, the Bylaws, or Charter may not be delegated to the Board by the Members of the Corporation. The Board shall have the power to:

1. Operate, care for, maintain, repair and replace the common buildings, roadways, and all other structures or improvements owned by the Association.

2. Employ personnel or a management company necessary as necessary or desirable to accomplish the corporate purposes.

3. Determine and set an annual budget for the day to day operation of the Corporation, the maintenance, repair and replacement of the improvements and betterments to the common areas, and all other assets of the Corporation

4. Collect all Obligations due to the Corporation.

5. Adopt, amend, and enforce rules and regulations covering the details of the operation and use of the Property.

6. Open bank accounts on behalf of the Corporation and designate the signatures required therefor.

7. (a) Make capital additions and improvements to and alterations of the common areas and buildings as long as the expenditure for said additions and improvements shall be less than \$25,000.00. In the event that the cost of the proposed additions and improvements or alterations is in excess of \$25,000.00 no action may be taken without a majority vote of the Members in Good Standing of the Corporation present by proxy or otherwise, at a special called meeting or an annual meeting; and (b) make repairs to and restore the common area property after damage or destruction by fire, other casualty, or as a result of eminent domain proceedings. Capitol improvements shall be defined as the addition to present structures or building of structures not previously in existence. The limitation upon the board as to the \$25,000.00 limit shall not apply to repairs or maintenance of existing improvements.

8. Obtain insurance for the property at the lowest possible cost.

9. Enforce by any legal or equitable remedies available, all obligations of the Members of the Corporation, or any of them to the Corporation.

10. Appoint independent auditors of the Corporation to prepare financial statements on the affairs of the Corporation on a yearly basis.

11. Hire and retain legal counsel to advise it and represent the Corporation as to all matters.

12. Interview and recommend to the Members of the Association a managing agent, or corporation to manage the affairs of the Association and delegate to said person or entity its powers under this section. The management delegated to an independent manager or corporation shall be by a management contract between the Corporation and the management concern. The Board shall not employ a management concern without the approval of a vote of the Members of the Corporation.

13. Conduct litigation and be subject to suit, as to the course of any action involving the common property and possessions of the Corporation, or arising out of the enforcement of any provision of the Declaration, Charter, or Bylaws.

14. Make contracts in connection with the exercise of any of the powers and duties of the Board. Unless the Board shall from time to time otherwise determine, all agreements, contracts, checks, and other instruments of the Corporation to the extent any of the foregoing are delivered in the ordinary course of business, shall be executed by the President or a Vice-President and attested by the Treasurer or Secretary. The Officers, and Directors shall have no personal liability with respect to any contract made by any of them on behalf of the Corporation except as set forth in Section K below.

15. Indemnify the officers and Directors in accordance with the provisions of Article IX below.

16. Create one (1) or more committees of the Board in accordance with T.C.A. Section 48-58-206.

K. Compensation. No Director shall receive compensation from the Corporation for acting as such, nor shall any Director be entitled to reimbursement from the Corporation for common expenses, or out of pocket expenses made by him in the performance of his duties. The only expenses for which a Director may be entitled to reimbursement are those expenses made by himself in the name of and for the Corporation and for which suitable documentation exists, or that were pre-approved by the Board prior to the expenditure.

L. Liability of Directors. The Directors shall only be personally liable to the Members of the Corporation as provided pursuant to the laws of the State of Tennessee. They shall have no liability to any Member, person, or entity, so long as their conduct is in accordance with the provisions of T.C.A. Sections 48-58-301-303.

M. Fidelity Bonding. Any member of the Board or other person who shall have the authority and power to execute contracts, checks notes, or any other documents binding the assets of the Corporation, shall be bonded by a fidelity bonding company for his actions in an amount to be set by the Board.

## ARTICLE VIII

### OFFICERS

A. Selection. At the first meeting of the Board following the Annual Meeting of the Members, there shall be elected by the Directors a President, Vice-President(s), Secretary, and Treasurer,

(the "Officers" or "Officer") each for a term of one year or until their successor is elected. All Officers shall be a Director at the time of election. The Executive Committee will consist of the Officers.

B. President. The President shall be the chief executive officer of the Corporation and shall have all the powers and duties usually vested in a President of a non-profit corporation. He shall exercise such other powers and duties as shall be prescribed by the Board and shall see that all orders and resolutions of the Board shall be carried into effect. The President shall chair and govern all meetings of Members and the Board, but not vote at any meeting except to break a tie. The President may delegate any of his powers and duties to any other Director subject to vote of the Board.

C. Vice-President. The Vice-President shall perform all duties as delegated to him by the President. If there is more than one Vice-President, they shall exercise the powers and perform the duties of the President in his absence or disability in the order of their appointment.

D. Secretary. The Secretary shall keep a record of all actions of the Board and all meetings of the Members of the Corporation. They shall give all notices to the Members of the Corporation and/or the Board and shall supervise the service thereof. They shall have custody of the seal of the Corporation and shall affix the same to such instruments as may require a seal when duly signed. They shall prepare or supervise the preparation of and have available at each meeting of the Members of the Corporation a list in alphabetical order of the names of the Members of the Corporation, their Lot ownership, and certify which of them are Members in Good Standing. They shall perform all other duties inherent to the office of secretary of the Corporation as may be required by the President. Any Member may appeal the decision of the Secretary as regards their standing to the entire Board in accordance with the procedures in Article XII below.

E. Treasurer. The Treasurer shall keep the financial records of the Corporation, shall keep books of account, and shall have custody of all the common property of the Corporation, including all funds, securities, and evidences of indebtedness. They shall keep a record of all Obligations of Members to the Corporation and furnish same to the Secretary upon request. They shall perform all other duties inherent to a treasurer of a corporation as otherwise prescribed by the Board. All moneys and other valuables shall be deposited and kept in the name of the Corporation. They shall disburse the funds of the Corporation as may be ordered and authorized

by the Board and shall preserve proper vouchers for such disbursements. The Treasurer and President shall, as prescribed by the Board, report on the operation of the Corporation's property, the payment of common expenses, and the determination and collection of all Obligations. If a budget committee is appointed, the Treasurer shall chair and be a member thereof.

F. Removal and Resignation. The Officers of the Corporation may be removed in the same manner a Director may be removed as provided in Article VII, Section D. The removal or resignation as an Officer shall not be considered the removal or resignation as a Director.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS AS TO DIRECTORS OR OFFICERS

A. Contracts With Interested Parties. No Officer or Director shall participate in any action with respect to the authorization, execution, delivery or performance of any contract between the Corporation and a business in which the Officer or Director has an ownership, management or financial interest, or is an employee unless the transaction is conducted in all respects in conformity with the provisions of T.C.A. Section 48-58-302. However, this paragraph does not absolutely prevent the Corporation from entering into a contract with a business owned by, managed by, or by which an Officer or Director is employed so long as 1. the contract contains terms which are competitive with the terms that have been, or might be obtained by the Corporation at the same time and under the same or similar circumstances from reasonable qualified persons other than the business of which the Officer or Director is affiliated; 2. such relationship is previously fully disclosed; 3. the disclosure is specifically referred to in the minutes; and 4. the provisions of T.C.A. Section 48-58-302 are strictly followed.

B. Indemnification. The Corporation shall defend, hold harmless, and indemnify each present and future Officer or Director against all costs, expenses, and liabilities including the amounts of judgments, amounts paid in compromised settlements and amounts paid for services of counsel and other related expenses, which may be incurred by or imposed on them, in connection with any claim, action, suit, proceeding, investigation or inquiry hereafter made, instituted, or threatened in which they may be involved as a party, or otherwise by reason of any past or future action taken, or authorized or approved by them, or any omission to act as an Officer, whether or not they continue to be such an Officer at the time of the incurring, or imposition of such costs, expenses, or liabilities, except such costs, expenses, or liabilities as shall relate to

matters as to which they shall be in such action, suites, or proceedings be finally adjudged to be liable by reason of their own individual grossly negligent, willful, gross misconduct or action taken in bad faith, or plainly contrary to clear and express provisions of law or the Bylaws. The foregoing right of indemnification shall inure to the benefit of the heirs, executives, administrators, and other legal representatives of each such Officer or Director.

C. Statutory Indemnification, Limitation of Actions, and Immunity. To the maximum extent allowed by law, all of the provisions of T.C.A. Sections 48-58-501-509 and 48-58-601 shall apply to any and all Officers and Directors of the Corporation and all their actions, inactions, errors, or omissions in such a fashion as to limit to the maximum extent possible their personal liability for serving as an Officer and Director. These statutory provisions shall be in addition to the above stated indemnification provision, the provisions of any insurance policy, and any common law affecting the liability of officers and directors of not for profit corporations.

## ARTICLE X

### FISCAL MANAGEMENT

A. Accounting Basis and Fiscal Year. The books of the Corporation shall be kept on the cash basis of accounting. The fiscal year of the Corporation shall commence on April 1 and end on March 31 of each year unless otherwise determined by the Board.

B. Dues and Assessment Records. Accurate books of account shall be kept for each Lot. Such records shall designate the name and complete mailing address of the Owner, copies of all statements or notices to the Owner for Obligations, copies of any correspondence related to the payment of Obligations, the date due with the amount of the dues or assessments or other Obligations for that Lot, the dates and amount paid on the account, and the balance of the account, if any.

C. Bank Accounts. The financial depository of the Corporation shall be such FDIC insured bank or banks as shall be designated from time to time by the Board. The moneys of the Corporation shall be deposited therein and the withdrawal of moneys from such accounts shall be only by check signed by such persons as are authorized by the Board. When at all possible, the funds of the Corporation shall be kept in interest-bearing accounts.

D. Annual Audit. An audit or review of the accounts and books of the Corporation shall be made annually by an independent certified public accountant. A copy of this report shall be furnished to each Director within thirty (30) days of its receipt. A copy of the report shall be furnished to any Member of the Corporation upon request.

## ARTICLE XI

### DUES, ASSESSMENTS, AND OTHER OBLIGATIONS

A. Preparation of Budgets. On or before February 15 of each year, the Board shall prepare and approve the following balanced budgets for the coming fiscal year, which shall contain estimates of the costs of performing the various designated functions of the Corporation, including the payment of principal and interest, and the estimated amounts and sources of funds to be collected to meet those expenses. The budgets prepared shall include:

1. A Operating Expense Budget which includes without limitation maintenance and operation of common areas, such as landscaping, street maintenance, beach maintenance, parking, lake maintenance, building maintenance, management expense, office expense, utility services, casualty insurance, liability insurance, accounting fees, legal fees, reserves, and any other item necessary to give a true picture of the day to day operating expenses of the Corporation.

2. A Capital Expenditure Budget which shall include the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Common Area, including fixtures and personal property related thereto.

3. A Water Works Budget (if one is owned by the Corporation) which shall include all costs and expenses, including capital costs, reserves, and day to day operating expenses necessary to operate and maintain the water works in a safe, healthful, and proper manner in accordance with all applicable governmental rules and regulations, and the recommendations of any consultants hired by the Corporation to assist with the operation and/or maintenance of the water works.

4. A Golf Course Budget which shall include all costs and expenses of operating and maintaining the golf course, and the appurtenances thereto, in a condition consistent with other golf courses of a similar nature and usage.

B. Availability of Budgets. Copies of the proposed budgets shall be available to any Member upon request after February 15.

C. Annual Dues or Assessments. The Board shall establish on an annual basis, on or before March 1 (except in the year of the adoption of these Bylaws), the amount of the regular dues or assessments (the "Annual Assessments" or "Annual Dues") reasonably necessary to meet all expenses set forth in the Operating Expense Budget for the coming fiscal year, and any portions of the other budgets to be paid out of that assessment. The Board may allow the payment of the Annual Dues on a periodic basis such as monthly or quarterly, and establish varying amounts (not just the division of the annual sum by twelve (12) for monthly payments) for each payment method taking into account interest, the costs of accounting for multiple payments, and other factors. Late charges may also be established by the Board. Written notice of the Annual Dues with the payment options shall be given to each Owner on or before March 1. The Annual Dues are due and payable in advance on April 1 of each year. An owner electing a payment method other than annual shall give written notice to the Association on or before April 1 of the election of a different approved payment method and submit with that notice the first installment due. The payment method for those Annual Dues once selected may not be changed. A default in the making of permitted installment payments, shall result in the acceleration of all remaining payments with all payments then due and payable. The selection of the periodic payment of the Annual Dues shall not affect the Members status as a Member in Good Standing, so long as the payments are made as specified.

D. Maximum Annual Dues. Until otherwise established by a majority vote of the Members in Good Standing, present in person or by proxy, at a meeting whose notice specified that a vote on an increase in the maximum Annual Dues would be taken, subject to the permitted increases set forth in this paragraph, the maximum Annual Dues shall be Two hundred dollars (\$200.00) per Lot per year effective with the Annual Dues payable April 1, 1998. For Annual Dues coming due April 1, 1999 and thereafter, the maximum Annual Dues may be increased each year by an amount up to, but not in excess of five percent (5%) of the Annual Dues for the previous year.

E. Water Rates and Availability Fees. The Board, so long as the Association owns the water works, shall set on a periodic basis, all charges and rates for water usage, water availability, water taps, and other charges associated with the operation of the water works. All sums due for these items shall be considered Obligations owed to the Corporation, and the payment thereof shall be enforced in accordance with the provisions of this Article XI and the Declarations.

F. Special Assessments. Special assessments may be recommended by the Board for capital improvements, major expenditures on the common facilities and roadways, or extraordinary expenditures. A special assessment may only be adopted after a majority vote of the Members in Good Standing present in person or by proxy at a duly called meeting. The Notice of the meeting shall state that an item to be considered shall be a special assessment, the amount of the special assessment, the payment terms, and the uses of the funds. Funds received from a special assessment shall be segregated in a special interest bearing account and shall only be used for the purpose or purposes for which the assessment was made, except that if collection efforts are required to enforce the assessment, those costs and expenses may be deducted from the special assessment collected. None of the foregoing shall limit the levying of a special assessment upon a special group or groups of Lots. In the event that a special assessment shall be levied only upon a special group of Lots, then in addition to a majority vote of the Members in Good Standing attending the meeting at which this special assessment is considered, a majority vote of all Lot Owners who are Members in Good Standing against whom the special assessment will be taxed shall also be necessary.

G. Payment Of Obligations.

1. All Obligations are due and payable on the date set by the Board for payment, which date shall be set forth in any notice. An Obligation becomes delinquent when it is not paid within thirty (30) days of when due.

2. In order to secure payment of any Obligations that may become payable to the Association, which shall include without limitation, dues and assessments, either monthly, annual, regular, or special, as the same become due, or other sums or obligations arising under the Declaration, the Bylaws, or by action of the Board, there shall arise a continuing lien and charge against each Lot, the amount of which shall include interest at the maximum effective rate allowed by law from the date when due, and all costs of enforcement and collection including without limitation, reasonable attorney's fees. Each such Obligation, together with such interest, and costs of enforcement, shall also be the personal obligation of the person who was the Owner of the Lot at the time the Obligations became due; provided that this personal obligation shall not pass to successors in title unless expressly assumed by them. The lien provided for herein, however, shall be subordinate to the lien of any first deed of trust (sometimes hereinafter called "mortgage") on any Lot if, but only if, all such Obligations made with respect to such Lot having a due date on or prior to the date such first mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only the lien and charge as relates to Obligations

authorized hereunder having a due date subsequent to the date such first mortgage is filed of record and prior to the satisfaction, cancellation, or foreclosure of the same, or the transfer of the mortgaged property in lieu of foreclosure. The sale or transfer of any Lot shall not affect any Obligation lien. The sale or transfer of any Lot that is subject to any first mortgage, pursuant to a foreclosure thereof, or under power of sale or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Obligation, but not the personal obligation of any former title holder, as to payments that became due prior to such sale or transfer and subsequent to the recordation of the first mortgage that has been foreclosed, but the Association shall have a lien upon the proceeds from foreclosure or of sale, junior only to the lien of the foreclosed first mortgage. No sale or transfer shall relieve such Lot Owner from liability for any Obligation thereafter becoming due, but relating back to period prior to the sale or transfer, or from the lien thereof.

3. Any Obligations not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum effective rate then allowed by law. The Association, its agent or representative, may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot to which the Obligations relate, and interest, costs, and reasonable attorney's fee for such action or foreclosure shall be added to the amount of such Obligations. No Owner may avoid liability for the Obligations provided for herein by non-use of the Common Areas, or abandonment of his Lot.

H. Waiver of Obligations. Governmental entities, banks, finance companies, and other financial institutions owning Lots as a result of foreclosure under deeds of trust and/or mortgages, by tax sales for delinquent taxes, or by deeds in lieu of such foreclosure action, shall not be liable for dues or assessments during the term of their Ownership. Provided, however, that in the event during that ownership, charges are placed against the Lot as a result of the breach of provisions of the Declarations, then in said event, those Obligations shall be due to and collectable by the Corporation in accordance with these Bylaws and the Declaration. All other waivers of Obligations may only occur by the vote of the Members in Good Standing, present in person or by proxy, at a meeting whereby the Notice of the meeting sets forth the Obligations to be waived.

I. Notice of Conveyance and Ownership. Each Owner shall give written notice of all conveyances, sales or transfers of interest relative to ownership and rights of possession to any Lot within thirty (30) days from the lawful date thereof, so as to

accurately facilitate and maintain records of said ownership in the Associations records.

## ARTICLE XII

### RULES REGULATIONS AND MISCELLANEOUS MATTERS

A. Rules and Regulations. Rules and regulations concerning the use of the Common Areas and buildings shall be adopted by the Board and amended from time to time as they see necessary. The rules and regulations shall provide that the facilities may only be used by an Owner or Occupant. Guests may only use the facilities when accompanied by a Member in Good Standing. Charges may be made for the use of the facilities at fees established by the Board. The rules shall strive to allow the greatest possible use of the common facilities by the Members at the least reasonable cost to them. Copies of such rules and regulations and any amendments thereto shall be furnished to any Member upon request and copies of the rules and regulations shall be posted permanently in each common building owned by the Corporation.

B. Inspection of Records. The inspection of records of the Corporation shall be governed by the provisions of T.C.A. Section 48-66-102.

C. Notices. All notices to any Officer, the Corporation, the Board, as the case may be, shall be sent to such person addressed to the office of the Corporation, or to such other address as the Board may hereinafter designate from time to time by notice in writing to all Members of the Corporation. Any notices to any Owner, Occupant, or Member shall be sent to such person at such address as has been designated by the Member from time to time by notice to the Association. All notices shall be in writing and shall be effective upon personal delivery or deposit into the U.S. Mail postage prepaid, addressed as aforesaid. Notices of all meetings of Members and Directors, shall be posted at the main entrance on Lake Hardeman Road and at the office of the Corporation.

D. Gender. The use of any gender shall be deemed to include all other genders and use of the singular shall be deemed to include the plural and the plural the singular whenever the context so requires.

E. Waiver. No restriction, condition, obligation or provision contained in the Declaration, Charter, Bylaws, rules, regulations, or any of the Corporation's other documentation shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

F. Appeal Rights. Any Owner, Member, Occupant, or other person disagreeing with a decision or determination of an Officer or a committee of the Board particular to the payment of any Obligation, or compliance with any provision of the Declarations or the Bylaws, shall have the appeal rights set forth herein.

1. The decision of an Officer or committee of the Board shall be appealed to the entire Board.

2. An Owner, Member, Occupant, or other person disagreeing with the decision of an Officer or a committee of the Board, may appeal that decision to the next regular meeting of the Board by notifying the President or Secretary either orally or in writing at least five (5) days prior to the meeting of their desire to be heard.

3. Any and all actions of an Officer or a committee of the Board shall be effective and binding pending any appeal. Provided, however, that this section shall neither shorten nor lengthen the time for payment of any Obligation, nor lengthen the time before a suspension of membership shall become effective, so long as an initial opportunity to be heard was provided before the effective date of the initial suspension or termination effective date.

G. Amendment to Bylaws. The Bylaws may only be amended at a meeting of the membership of the Corporation held for such purpose. The notice of said meeting shall set forth the proposed amendments. The Bylaws shall only be amended by a vote of a majority of the Members in Good Standing in attendance at such a meeting and entitled to vote by proxy or otherwise.

END OF BYLAWS