

EXHIBIT "D"

BY-LAWS

OF

OCOEE PLACE CONDOMINIUM LLC

BK 1209 PG 1032

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BY-LAWS

OF

THE OCOEE PLACE CONDOMINIUMS ASSOCIATION, INC.

Article I

General

Section 1. Applicability. These By-Laws provide for the self-government of The Ocoee Place Condominiums Association in accordance with the Charter of Incorporation for The Ocoee Place Condominiums Association, Inc., and the Master Deed for Horizontal Property Regime of The Ocoee Place Condominiums recorded in the Register's Office for Bradley County, Tennessee.

Section 2. Name. The name of the corporation is The Ocoee Place Condominiums Association, Inc. ("Association").

Section 3. Membership. As provided in the Tennessee Horizontal Property Act (Tenn. Code Ann. Section 66-27-101, et seq.) (hereinafter called the "Act"), an owner of a unit shall automatically become a member of the Association upon taking title to the unit and shall remain a member for the entire period of ownership. As may be more fully provided below, the spouse of a member may exercise the powers and privileges of the member. If title to a unit is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per unit. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the owner's membership. Membership shall be part of the title to the property and shall be transferred automatically with the title, whether mentioned or not.

Section 4. Voting. Each unit shall be entitled to one (1) vote which may be cast in accordance with the terms herein. A vote may be cast by the owner, the owner's spouse, or by a lawful proxy, as provided below, and shall be allocated as provided in the Master Deed. When more than one person owns a unit, the vote for such unit shall be exercised as they between or among themselves determine, but in no event shall more than one (1) vote be cast with respect to any unit. In the event of disagreement among such persons and an attempt by two or more of them to cast such vote or votes, such persons shall not be recognized and such vote or votes shall not be counted. The Board may prohibit any owner from voting, either in person or by proxy, or being elected to the Board of Directors if such owner is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association or under suspension for the infraction of any provision of the Master Deed, these By-Laws, or any rule.

Section 5. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total number of eligible votes, owners, or other groups.

Unless otherwise specifically stated, the words "majority vote" shall mean more than fifty (50%) percent of the eligible votes cast in person or by proxy. Unless otherwise provided in the Master Deed, Charter, or these By-Laws, all decisions shall be by majority vote.

Section 6. Purpose. The Association shall have the responsibility of administering the Condominiums, establishing the means and methods of collecting the contributions to the common expenses, arranging for the management of the Condominiums, and performing all of the other acts that may be required to be performed by the Association and by the Act and by the Master Deed. And unless either the Act, the Master Deed, or the laws of Tennessee specifically require the same be performed by the vote of the Association, the general administration of the foregoing responsibilities shall be performed by the Board of Directors, as is more particularly set forth below.

Article II Definitions

Unless the context otherwise requires, the terms as used in these By-Laws, the Master Deed, and the Charter, shall be defined in the Act (TCA 66-27-101 et seq.). In addition to the terms set out in the Tennessee law, the following terms shall have the meanings ascribed to them below as used in the Master Deed, these By-Laws, or in the Charter. The following definitions are cumulative of those set forth in the Tennessee law:

Section 1. Act shall mean the Tennessee Horizontal Property Act (Tenn. Code Ann. Section 66-27-101, et seq.).

Section 2. Association shall mean The Ocoee Place Condominiums Association, Inc., and its successors, a Tennessee non-profit membership corporation formed for the purpose of exercising the powers of the Association under the Master Deed, the Charter, the By-Laws and the Act, and the Tennessee General Corporation Act (or the Limited Liability Act).

Section 3. Board of Directors or Board shall mean the Board of Directors of the Association, the members of which shall be appointed and elected from time to time as provided in the Master Deed, the Charter, the By-Laws, and the Act. The Board of Directors shall be the governing body of the Association.

Section 4. By-Laws shall mean these By-Laws of The Ocoee Place Condominiums Association, Inc., as they now exist or may be amended.

Section 5. Charter of Incorporation shall mean the Charter of Incorporation of the Association as it now exists or as may be amended.

Section 6. Common elements or common areas shall mean that area and property submitted to be part of the Condominiums but not intended for individual ownership and use as further defined in the Master Deed.

Section 7. Condominiums shall mean all of that property submitted to the Act, as described in the Master Deed or subsequently acquired adjacent properties.

Section 8. Eligible votes shall mean those votes available to be cast under the Master Deed, the By-Laws, the Act, or Tennessee General Corporation Act.

Section 9. Master Deed shall mean the deed recording the Condominiums property of the horizontal property regime.

Section 10. Mortgage shall refer to any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation, including, but not limited to, a transfer or conveyance for such purpose of fee title.

Section 11. Officer shall mean those individuals who are elected by the Board to serve as President, Vice President, Secretary, or Treasurer, or such other subordinate offices as the Board may determine necessary.

Section 12. Owner, co-owner or member shall mean the record title holder of a unit within the Condominiums, but shall not mean a mortgage holder.

Section 13. Person shall mean an individual, corporation, firm, association, partnership, or other legal entity.

Section 14. Plan or plat shall mean the plan consisting of a description and survey map of the surface of the land within the Condominiums project, and may show the diagrammatic floor plans of the unit or units, and the relative location of the unit with regard to the entire land area.

Section 15. Unit, apartment, dwelling or residence shall mean that portion of the Condominiums intended for individual ownership and use, as further described in the Master Deed.

All other terms shall have their natural meaning or the meanings given in the Master Deed, the Act or the Tennessee Horizontal Property Regime Law.

Article III Meetings of Members

Section 1. Annual Meetings. The regular annual meetings of the members shall be held within the first fifteen (15) days of the month of _____ in each year on a day and at an hour the Board sets. Meetings shall be at a convenient and suitable place which the Board shall set.

Section 2. Special Meetings. Special meetings of the members for any purpose may be called at any time by the President, the Secretary, or Treasurer, and shall be called by the request of any two or more members of the Board of Directors

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or upon written request of the member who have a right to vote one-third (1/3) of the total membership vote.

Section 3. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the unit owners a notice of each annual or special meeting of the Association at least twenty-one (21) days prior to each annual meeting and at least seven (7) days prior to each special meeting. The notice shall state the purpose of any special meeting, as well as the time and place where the meeting is to be held. Notices shall be delivered personally or mailed to each owner of record at his unit; if any owner wishes notice to be given at an address other than his unit, the owner shall designate by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 4. Waiver of Notice. Waiver of notice of meeting of the owners shall be deemed the equivalent of proper notice. Any owner may, in writing, waive notice of any meeting of the owners, either before or after such meeting. Attendance at a meeting by an owner, whether in person or by proxy, shall be deemed waiver by such owner of notice of the time, date, and place thereof unless such owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. The presence of a majority of the owners entitled to vote, in person or by proxy, shall constitute a quorum.

Section 6. Adjournment. Any meeting of the owners may be adjourned from time to time by vote of the owners holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used and must be dated. No proxy shall be revocable except by written notice delivered to the Association. A proxy shall be automatically revoked if the member who has given such proxy is in attendance at a meeting.

Section 8. Conduct of Business. Roberts Rules of Order (latest edition) shall govern the conduct of the meeting, when not in conflict with the Master Deed, these By-Laws, the Charter, or any ruling made by the person presiding over the meeting.

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Article IV
Board of Directors

A. Composition and Selection.

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors. The Board shall be composed of three (3) directors. The directors shall be owners of units or spouses of such owners; provided, however, no owner and his or her spouse may serve on the Board at the same time. Directors shall reside in the Condominiums.

Section 2. Term of Office. The initial terms of the directors shall be staggered on a one (1), two (2), and three (3) year basis. One (1) director shall be elected for one (1) year, one (1) director shall be elected for two (2) years, and one (1) director shall be elected for three (3) years at the first annual meeting of the Association following the termination of the right of Declarant to appoint and remove directors as set forth in the Master Deed. After the initial term of each director, directors shall be elected for three (3) year terms or until their successors are elected.

Section 3. Removal of Members of the Board of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a majority of the total Association vote and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any member of the Board of Directors who has been absent without an excuse from three (3) consecutive Board meetings may be removed from the Board by an affirmative vote of the other two Board members. The moving from the Condominiums with the intent to permanently re-establish a new address shall likewise remove said person as a Director if that be the case.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason, including the addition of a new director or directors, but excluding the removal of a director by vote of the Association, shall be filled by an affirmative vote of the remaining directors at any meeting of the Board of Directors. The successor so elected shall hold office for the remainder of the term of the member being replaced.

Section 5. Compensation. Directors shall not be compensated for services as such unless and to the extent the compensation is authorized by the members. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors. Nothing herein shall prohibit a director from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as director; provided that the director's interest is known and the

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contract is approved by a majority of the Board of Directors, excluding the director with whom the contract is made.

Section 6. Nomination. Nomination for election to the Board shall be made by a Nominating Committee which shall consist of three (3) members appointed by the President to serve from the close of one annual meeting to the close of the succeeding annual meeting. The Nominating Committee shall be announced at the annual meeting. The Nominating Committee may nominate any number of qualified individuals, but no less than the number of directors to be elected. The nominations shall be made at least twenty-one (21) days prior to the annual meeting, and a brief statement about the qualifications of each individual so nominated shall be included with the notice of the annual meeting. Nominations shall also be allowed from the floor at the meeting. Failure to comply with this Section shall in no way invalidate the election of directors who were not nominated in accordance with the provisions hereof.

Section 7. Elections. Directors to be elected by the members shall be elected, from among those nominated, by a vote of those persons present, in person or by proxy, at the annual or other meeting, a quorum being present. Those persons receiving the most votes shall be elected to the number of positions to be filled.

B. Meetings.

Section 8. Organizational Meeting. The first meeting of a newly elected Board shall be held within thirty (30) days of election at such time and place as may be determined by the directors.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every three (3) months. The newly elected Board shall meet within ten (10) days after each annual meeting of members.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director given by mail, in person or by telephone, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the Vice President, Secretary or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

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

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Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Act, the Master Deed, and the Charter, these By-Laws, or any ruling made by the person presiding over the meeting. A majority of directors shall constitute a quorum for the transaction of business. A decision of the Board of Directors shall be by a majority of those directors present at a duly called meeting. The President may vote.

Section 13. Action Without a Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board of Directors.

C. Powers and Duties.

Section 14. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Condominiums and may do all such acts and things as are not by the Master Deed, Charter, or these By-Laws directed to be done and exercised exclusively by the members. The Board shall have the power to adopt such rules and regulations as it deems necessary and appropriate and to impose sanctions for violations thereof, including, without limitation, monetary fines. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for, the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment (Unless otherwise determined by the Board of Directors, the annual assessment against the proportionate share of the common expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.);

(c) providing for the operation, care, upkeep, and maintenance as provided in the Master Deed and these By-Laws;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the areas of the condominium for which the Association is responsible and, where

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appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required, and there shall be not less than two authorized signatories on any bank account;

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of the common elements in accordance with the other provisions of the Master Deed and these By-Laws, after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Master Deed, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Master Deed, and paying the premium cost thereof;

(k) paying the costs of all services rendered to the Association or its members and not chargeable to owners; and

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the times and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting practices.

Section 15. Management Agent. The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. Moreover, any management contract shall contain a termination clause permitting termination for cause upon no more than thirty (30) days written notice; provided, however, no contract shall be for more than one (1) year, and, provided, further, any contract entered by the Association during the time that Declarant has the right to appoint and remove directors shall be terminable by the Association upon ninety (90) days' written notice to the manager after the members have the right to elect directors. If a manager or agent is hired, the following

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management standards of performance will be followed unless the Board, by resolution, determines otherwise:

(a) the accrual method or any method consistent with acceptable accounting principles shall be employed;

(b) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(f) a quarterly financial report shall be prepared for the Association containing:

(i) an Income Statement reflecting all income and expense activity for the preceding quarter;

(ii) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding quarter;

(iii) an Account Status Report reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(iv) a Balance Sheet reflecting the financial condition of the Association on an unaudited basis;

(v) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten (10%) percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(vi) a Delinquency Report listing all owners who have been delinquent during the preceding quarter in paying the monthly installments or condominium assessments and who remain delinquent at the time of the report, and describing the status of any action to collect such installments which remain delinquent. A monthly installment of the condominium assessment shall be considered to be delinquent on the tenth (10th) day of each month.

Section 16. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of common areas and facilities without the approval

of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments set forth hereinafter, in the event the proposed borrowing is for the purpose of modifying, improving, or adding amenities to the Condominiums and the total amount of such borrowing exceeds or would exceed Ten Thousand (\$10,000.00) Dollars outstanding debt at any one time.

D. Committees.

Section 17. Nominating Committee. In accordance with Section 6 of this Article, there shall be a Nominating Committee composed of three (3) members appointed in the manner and to perform the functions as specified in said Section 6.

Section 18. Architectural Standards. The Board may establish an Architectural Standards Committee for the purpose of establishing and maintaining architectural standards on Condominium property as hereinafter provided. So long as the Declarant is the owner of the real estate, the Board may not create an Architectural Standards Committee that would conflict with the Declarant.

Section 19. Covenants Committee. The Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions of the Master Deed, these By-Laws, and resolutions the Board may adopt, the Covenants Committee if created by the Board shall be the hearing tribunal of the Association.

Section 20. Service on Committees. Unless otherwise provided in these By-Laws or in the resolution authorizing a particular committee, the members of the committee shall be appointed by the President and shall serve at pleasure of the President. Any committee member may be removed with or without cause at any time and with or without a successor being named.

Section 21. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize.

E. Declarant Rights.

Section 22. Board Appointed by Declarant. Notwithstanding anything to the contrary herein, this Article IV, Sections 1 through 9, inclusive, shall not apply so long as the Declarant retains the right to appoint and remove directors, as provided in the Master Deed. The activities of the Board during the period of Declarant control shall be governed by the Master Deed and the Act.

Article V
Officers

Section 1. Designation. The primary officers of the Association shall be a President and a Secretary. They shall both be from the Board of Directors and elected by the Board of

Directors. The Board of Directors may appoint any other subordinate officers as it may consider necessary. Such subordinate officers are not required to be members of the Board of Directors. However, no person may hold more than one (1) office as an officer.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each annual meeting of the members and shall hold office at the pleasure of the Board of Directors and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected. If the officer to be removed is a member of the Board of Directors, he shall not vote in such removal proceedings.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board of Directors. The President shall have all general powers and duties which are incident to the office of the president under Tennessee law, including, but not limited to, the power to appoint committees from among the members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President, if any, shall act in the President's absence and when so acting shall have all the powers, duties and responsibilities of the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under Tennessee law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided below.

Section 8. Agreements, Contracts, Deeds, Leases, Etc. All agreements, contracts, deeds, trust deeds, leases, promissory notes, bills of sale, and all other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article VI
Association Responsibilities

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer or director in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he may be made a party by reason of being or having been an officer or director, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance or malfeasance. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in Section 2 of this Article.

Section 2. Insurance. The Association shall obtain and maintain at all times, as a common expense, insurance as required herein, including a casualty insurance policy or policies affording fire and extended coverage for and in an amount consonant with the full replacement cost of all structures within the Condominium and a liability insurance policy or policies in amounts not less than Five Hundred Thousand (\$500,000.00) Dollars for injury, including death, to a single person; One Million (\$1,000,000.00) Dollars per injury or injuries, including death, arising out of a single occurrence; and Fifty Thousand (\$50,000.00) Dollars property damage, covering the Association, the Board of Directors, officers, and all agents and employees of the Association, and all unit owners and other persons entitled to occupy any unit or other portion of the Condominium property.

All such insurance coverage shall be written in the name of the Association as trustee for itself, each of the owners, and the mortgagees of owners, if any. It shall be the duty of the Board of Directors at least annually to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association. Such responsibility may be performed, and shall be deemed reasonably performed, by the Board requesting the Association's insurance agent to verify that the insurance policies in existence meet the needs of the Association. Such insurance shall run to the benefit of the Association, the respective unit owners, and their respective

mortgagees, as their interests may appear. Improvements and betterments made by the individual unit owners shall be excluded from this required coverage. The policies may contain reasonable deductibles, and the amount thereof shall be added to the face amount of the policies in determining the amount of coverage.

(a) The Board of Directors shall utilize every reasonable effort to secure policies that will provide the following:

(i) that the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent, the individual owners, and their respective household members;

(ii) that the policies cannot be canceled, invalidated, or suspended on account of the conduct of any owner, director, officer, or employee of the Association or the managing agent without a prior demand in writing delivered to the Association and to all mortgagees of units to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured;

(iii) that any "no other insurance" clause contained in the Association's policy shall expressly exclude individual unit owners' policies from its operation;

(iv) that the policies may not be jeopardized, canceled, or substantially modified without at least thirty (30) days' prior notice in writing to the Board of Directors and all mortgagees of units; and

(v) an agreed value endorsement and an inflation guard endorsement.

(b) All policies of insurance shall be written with a company licensed to do business in the State of Tennessee and holding a rating of XI or better in the Financial Category as established by A. M. Best Company, Inc., if available, or, if not available, the best rating available. The company shall provide insurance certificates to each owner and each mortgagee.

(c) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual unit owners or their mortgagees.

Each unit owner shall notify the Board of Directors of all structural improvements made by the unit owner to the unit.

The Board may require that any unit owner who obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such owner at his expense, and personal property belonging to such owner, file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. If a copy is filed with the Board, such owner

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shall promptly notify, in writing, the Board of Directors in the event such policy is canceled.

(d) In addition to the insurance required hereinabove, the Board shall obtain as a common expense:

(i) worker's compensation insurance if and to the extent necessary to meet the requirements of law;

(ii) public liability and officers' and directors' liability insurance in such amounts as the Board may determine. Such insurance shall contain a cross liability endorsement:

(iii) fidelity bonds covering officers, directors, employees, and other persons who handle or are responsible for handling Association funds. Such bonds shall be in an amount equal to three (3) months' operating expenses plus the reserve on hand as of the beginning of the fiscal year and shall contain waivers of any defense based upon the exclusion of persons serving without compensation; and

(iv) such other insurance as the Board of Directors may determine to be necessary.

(e) Insurance carried by the Association as a common expense shall include all condominiums located on the original unimproved plat of the 5.94-Acre tract and any condominiums to be constructed in the future on any adjacent properties. The Association shall not include public liability insurance for individual owners for liabilities arising within the units. Nothing contained herein gives any owner or other party a priority over any rights of first mortgagees as to the distribution of insurance proceeds.

Section 3. Repair and Reconstruction. In the event of damage to or destruction of a whole or more than two-thirds (2/3) of a building within the Condominium as a result of fire or other casualty, unless the owner(s) of all affected units and members holding at least eighty (80%) percent of the total vote of the Association elect not to proceed with the reconstruction and repair of the structure, the Board of Directors or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the structure in accordance with the original plats and plans. In the event of damage to or destruction of two-thirds (2/3) or less of a building within the Condominium, the Board of Directors or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the structure in accordance with the original plats and plans.

The procedure for repair and reconstruction shall be:

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Condominium, the Association shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair, as determined by the Board of Directors, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, assessments shall be made against all of the unit owners. If after repair and reconstruction is completed there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board of Directors.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed.

(d) Encroachments. Encroachments upon or in favor of units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the unit owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Condominium was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

(e) Construction Fund. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against unit owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section.

(f) Method of Disbursement. The construction fund shall be paid by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the buildings as are designated by the Board of Directors.

(g) Insurance Deductibles. Any amounts deductible under policy shall be considered maintenance expense and if so, shall be paid by the person or persons who would be responsible for such repair in the absence of insurance. If the loss affects more than one unit or a unit and the common area, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in accordance with the total cost of the repair.

Section 4. Architectural Standards. No owner, occupant, lessee or lessor, or any other person may make any encroachment onto the common elements, exterior change, alteration, or construction (including planting), nor erect, place, or post any sign (with the exception of real estate "For Sale" signs, as set out in the Master Deed), object, light, or thing on the exterior of the buildings or any other common element, or on any place or thing in the Condominium visible from the outside of a unit, without first obtaining the written approval of the Board of

Directors of the Association. In accordance with the Master Deed, antenna dishes as limited in the Master Deed are permissible.

To obtain such permission for any change or alteration, the plans and specifications showing the nature, kind, shape, height, materials, and location shall have been submitted in writing to the Board or its designee. The Board or its designee may promulgate written guidelines for the exercise of this review of such plans.

The Board or its designee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours, to enter upon any Unit to inspect any unit and any improvements thereon for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event said Board or its designee fails to approve or to disapprove such design and location within sixty (60) days after the plans and specifications have been submitted to it, approval will not be required, and this Section will be deemed to have been fully complied with.

An owner, on behalf of himself and his successors-in-interest, shall assume all responsibilities for maintenance, repair, and replacement and insurance to and on such change, modification, addition or alteration.

Section 5. Standard for Appearance. All equipment, garbage cans, service yards, woodpiles, and storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring units and streets. All rubbish, trash, and garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon. Clotheslines outside the units shall not be permitted.

Section 6. Maintenance Responsibility.

(a) By the Owner. Except as otherwise provided in subsection (b) hereof, each owner shall have the obligation to maintain and keep in good repair all portions of his unit, and all glass surfaces, all windows and entry doors (and appurtenant hardware for windows and entry doors), except that the Association shall be responsible for the painting of the exterior surfaces of window frames, doors, wood trim, and for the replacement and repair of brick and siding which constitutes the exterior of the perimeter walls. The unit owner shall also be responsible for maintaining the air conditioning and heating apparatus, the porch, patio, deck, or balcony appurtenant to his unit, the interior of garages, the overhead garage doors appurtenant to each unit, and all electrical power lines, water lines, and sewer lines connected to each individual unit and no other. Maintenance by any unit owner on any portion of the Condominium, other than the interior of a unit, shall be done in

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accordance with the architectural standards as may be applicable in the Master Deed, By-Laws, or rules and regulations of the Association.

(b) By the Association. The Association shall maintain and keep in good repair, as a common expense, all of the Condominium property not required to be maintained and kept in good order by an owner. Except to the extent that insurance required to be maintained or maintained by the Association covers any damage or loss, the Association shall not be responsible for any maintenance or repair to the interior of any unit. The Association shall be responsible for, as a common expense, the maintenance and repair of the common elements, including limited common elements, except as set forth in sub-section (a) above. The Association shall maintain all landscaped areas, except as provided in the Master Deed; provided, however, decisions related to the types of plants and shrubbery to be planted will be at the sole discretion of the Board of Directors. The Association shall be responsible for the exterior care of each unit as the Board of Directors may from time to time deem reasonable and appropriate, as follows; preservation and repair or replacement of exterior building surfaces except for glass surfaces, roofs (to include not only the maintenance of roof shingles, but also to include all parts and portions of the structure of the roofs), and gutters and down-spouts. The Association shall be authorized to perform, after notice, any maintenance upon a unit for which the owner is responsible and to charge the owner, as provided for as assessments herein, with the actual costs of maintenance.

(c) Insurance Deductibles. If there is a deductible amount not paid, said amount shall be considered a maintenance expense to be paid by the person or persons who would be responsible for such repair in the absence of insurance. If the loss affects more than one (1) unit or a unit and the common elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in accordance with the total cost of repair.

Article VII Assessments

Section 1. Purpose of Assessment. The assessments for common expenses as described in Section 66-27-114 of the Act and provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the owners and occupants of units in the Condominium as may be more specifically authorized from time to time by the Board. Assessments may be used to compensate officers and directors only if approved by a majority vote of the Association.

Section 2. Creation of the Lien and Personal Obligation for Assessment. Each owner of any unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges; (b) special assessments, to be established and collected as hereinafter provided; and (c)

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specific assessments against any particular unit which are established pursuant to the terms of these By-Laws. All such assessments, together with charges, interest, costs, and reasonable attorney's fees actually incurred, as provided in the Master Deed, shall be a charge on the unit and shall be a continuing lien upon the unit against which each assessment is made. Such amounts shall also be the personal obligation of the person who was the owner of such unit at the time when the assessment fell due. Each owner shall be liable for his portion of each assessment coming due while he is the owner of a unit, and his Grantee shall be jointly and severally liable for a portion thereof as may be due and payable at the time of any conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors; unless otherwise provided, the annual assessments shall be paid in monthly installments due on the first day of a month, and such monthly installments shall be late if not paid on or before the tenth (10th) day of the month due. Anyone with a need to know, such as a prospective purchaser, title company or closing agent, may obtain from the Treasurer of the Association information as to whether or not any specific unit is in arrears as to any assessments. See also Section 8 below.

Section 3. Acceleration. If a unit owner shall be in default in payment of an assessment, including, but not limited to, the monthly installments based on the annual budget, the Board of Directors may accelerate the remaining assessments, including monthly installments based on the annual budget, special assessments, and specific assessments, upon ten (10) days' written notice to such unit owner, whereupon the entire unpaid balance shall become due and payable upon the date stated in such notice.

Section 4. Lien for Assessments. The Association shall have full and complete rights to enforce the lien for assessments. Any such lien shall include the maximum costs, charges, fees, and rents set out in the Master Deed and these By-Laws. In addition to the right of the Association to bring an action at law against the owner for delinquent assessments and all charges connected or related thereto, the Association shall have the right to foreclose the lien in an amount equal to any and all assessments due and all charges, fees, rents, and costs against the owner's unit.

Each owner, by his acceptance of a deed to a unit, hereby expressly vests in the Association, or their agents, the right and power to bring all actions against such owner personally for the collection of such assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure in a like manner as a mortgage or deed of trust lien on real property and with full power of sale of said property as is hereinafter set out. Each owner hereby expressly grants the Association the power of sale in connection with said lien. It is understood and agreed that the owner of such unit hereby expressly makes the President of the Association, Trustee with full power to sell and convey said unit under the Tennessee Foreclosure Law.

The lien shall be in favor of the Association and shall be for the benefit of all other unit owners. The Association, acting on behalf of the unit owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 5. Computation of Operating Budget and Assessment. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Condominium during the coming year. The Board shall cause the budget and the assessments to be levied therefrom against each unit for the coming fiscal year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment established therefrom shall become effective unless disapproved at a meeting by a vote of a majority of the total Association vote. Notwithstanding the foregoing, however, in the event that the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the current year shall continue for the succeeding year. The Board may propose a new budget at any time during the year by causing the proposed budget and assessment to be delivered to the members at least thirty (30) days prior to the proposed effective date thereof. Unless requested by the members, as provided for special meetings, the budget and assessment may take effect without a meeting of the members.

Section 6. Special Assessments.

(a) If the annual assessment as shown in the budget proves inadequate for any year, the Board may at any time levy a special assessment against all owners, provided such assessment is approved at a duly called meeting by a two-thirds (2/3) vote of those present in person or by proxy.

(b) The Board of Directors may levy special assessments for capital improvements upon the common elements and for such other matters as the Association shall determine; provided, however, prior to becoming effective, any such special assessment shall be approved by the affirmative vote of a majority of the members of the Association, in person or by proxy, at a meeting duly called for that purpose.

Section 7. Capital Reserve Budget and Contribution. The Board of Directors shall annually prepare a capital reserve budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The capital contribution required may be fixed by the Board and included within the budget and assessment as provided in this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

Section 8. Statement of Account. Any owner, mortgagee, or a person having executed a contract for the purchase of a unit, or a lender considering a loan to be secured by a unit shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against a unit. The Association shall respond in writing within five (5) working days of receipt of the request and may require the payment of a fee, not exceeding Twenty (\$20.00) Dollars, as a prerequisite to the issuance of such a statement.

Article VIII

Use Restrictions and Rule Making BK 1209 PG 1055

Section 1. Authority and Enforcement. The Condominium shall be used only for those uses and purposes set out in the Master Deed. The Board of Directors shall have the authority to make, modify, repeal, and to enforce reasonable rules and regulations governing the conduct, use, and enjoyment of units and the common elements, so long as copies of all such rules and regulations are furnished to all owners; provided, however, any rule or regulation may be repealed by the affirmative vote or written consent of a majority of the total Association vote at an annual or special meeting. The Board shall have the power to impose reasonable fines, such amount to be assessed per day for a continuing violation, against owners or occupants which shall constitute a lien upon the property and to suspend an owner's or occupant's right to use the common elements and to suspend an owner's right to vote for any violation of any duty imposed under the Master Deed, these By-Laws, or any rules and regulations duly adopted pursuant thereto. In the event that any occupant of a unit violates the Master Deed, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against such occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the unit owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Act or of the Master Deed, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter. ("Occupant" as specified in this Section shall include only a temporary renter when the property is in the process of being sold, all in accordance with the Master Deed.)

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the common elements to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates the Master Deed, the By-Laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating unit owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating unit owner and shall be collected as provided for herein for the collection of assessments.

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Section 3. Procedure. The Board shall not impose a fine unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction if such violation is a continuing one. If the violation is not continuing, the written demand shall state that any further violation of the same rule may result in the imposition of sanction. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's sole determination, pose a danger or nuisance to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state: (i) the nature of the alleged violation; (ii) that the alleged violator may, within ten (10) days from the date of notice, request a hearing regarding the fine; (iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and (iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If the alleged violator timely challenges the proposed action, a hearing before the Board of Directors or the Covenants Committee, if one has been appointed, shall be held in executive session affording the member a reasonable opportunity to be heard. The hearing shall be set and notice of the time, date (which shall be not less than ten (10) days from the giving of notice), and place of the hearing and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violator. Prior to the effectiveness of any sanction hereunder, proof of notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. If a hearing held according to subsection (c), above, was held before the Covenants Committee, the alleged violator shall have a right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date. The results of any hearing which is not appealed within the time period shall be conclusively presumed to have been concurred in by all parties.

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Article IX
Miscellaneous

Section 1. Notices. Unless otherwise provided in these By-Laws all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a unit owner, at the address which the unit owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the unit of such owner; or

(b) if to the Association, the Board of Directors or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated in accordance with subsection (a) hereof.

Section 2. Severability. The invalidity of any part of the Master Deed or these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of the Master Deed or these By-Laws.

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

Section 4. Gender and Grammar. The use of the masculine gender in the Master Deed or these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year shall be set by resolution of the Board of Directors.

Section 6. Audit. An audit of the accounts of the Association shall be made annually in the manner provided by the Board. However, after having received the Board's audit at the annual meeting, the owners may, by a majority of the total Association vote, require that the accounts of the Association be audited as a common expense by an independent accountant.

Section 7. Conflicts. In the event of conflicts between the Act, the Master Deed, the Charter, and these By-Laws, the Act, the Master Deed, and the Charter shall control, in that order.

Section 8. Amendment. These By-Laws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding at least two-thirds (2/3) of the total vote of the Association. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall become effective until it is recorded in the records of Bradley County, Tennessee.

Section 9. Books and Records. All members of the Association and any and all mortgagees shall, upon written request, be entitled to inspect all books and records of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board of Directors as the depository of such books and records.

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