

## EXHIBIT "A"

### LAUREL MOUNTAIN LAKES ASSOCIATION, INC., BYLAWS

#### ARTICLE I. NAME AND MAILING ADDRESS

- a. Name: The name of this association shall be the Laurel Mountain Lakes Association, hereinafter abbreviated as LMLA or Association.
- b. Mailing Address: The mailing address of this Association shall be 304 Laurel Lake Circle, Madisonville, Tennessee 37354.

#### ARTICLE II. ORGANIZATION

The LMLA shall exist as a nonprofit incorporated association of its members, and these ByLaws, as may be amended from time to time by the LMLA, shall provide the government of the organization.

#### ARTICLE III. OBJECT AND LOCATION

a. Object: The object of the Laurel Mountain Lakes Association shall be to retain and extend the natural beauty and assets of the recreational-residential development known as Laurel Lake and/or Laurel Mountain Lakes; to maintain the tranquility, serenity, and a peaceful environment for all, and enlarge the recreational opportunities available to the membership; and to act on behalf of its membership with respect to environmental and land use problems as may be necessary to protect and enhance the financial investment of the Association's membership and their enjoyment of the properties and facilities of this development.

b. Location: Laurel Lake and/or Laurel Mountain Lakes is located between Madisonville and Tellico Plains about two (2) miles East of Highway 68 near Mount Vernon in the Third Civil District of Monroe County, Tennessee, subject to the Deeds of Southeastern Land, Inc., registered in the Monroe County Register's Office as follows: Warranty Deed Book 97, Pages 373, 376 and 379; Warranty Deed Book 98, page 247; Warranty Deed Book 99, Page 146; Warranty Deed Book 101, pages 133 and 136; and Warranty Deed Book 117, Pages 283, 354, and 357.

#### ARTICLE IV. MEMBERSHIP

- a. Classes: Membership in the LMLA shall consist of four (4) classes:
  - (1) Regular Voting Members, who shall be the recorded owner(s) of a lot or lots in the development specified in Article III, who shall have one (1) vote for each lot owned.
  - (2) Regular Nonvoting Members, who shall be the dependent members of the immediate family and living in the same home as the lot-owner-regular-voting-member;
  - (3) Developer Voting Member, who shall be the original developer of the development specified in Article III, Southeastern Land, Inc., and its successors-in-interest and/or assigns, who shall have only one (1) vote regardless of the number of lots owned and regardless whether any such developer-owned lot in the development be categorized as developed or undeveloped;
  - (4) Developer-Related Voting Member, who shall be the individuals or entities who have any ownership interest in, or kinship with, the developer Southeastern Land, Inc., including its successors-in-interest and/or assigns, of the development specified in Article III, whether they be stockholders, partners, joint venturers or otherwise, who shall own title to any lot or lots in the development in their individual or separate name(s), for individual purposes or otherwise, who shall have one vote for each lot owned up to a total of ten (10) votes for ten (10) lots owned; but in no event shall all Developer-Related Voting Member(s) combined have more than ten (10) votes total, regardless of the number of lots

owned, whether categorized as developed or undeveloped. The express purpose and intent of this class of Developer-Related Voting membership is to prevent and pre-empt the original developer, Southeastern Land, Inc., and any of its successors-in-interest and/or assigns, from attempting to circumvent the Developer's right to only one vote under Article IV., a.(2), by transferring lots to individuals and/or other business entities related to the developer by kinship, business relationship, or otherwise, and/or subject to the Developer's control or influence, directly or indirectly.

b. Duration: The legal lot owners as of the date of the original incorporation of the LMLA shall comprise the original Charter Members of this Association. All persons who become lot owners in the development subsequent to the date of incorporation of the LMLA shall automatically acquire membership in the LMLA with all the rights, privileges, and responsibilities thereunto pertaining. Membership in the LMLA shall terminate automatically with the sale or other disposition by the lot owner-voting member of his or her or their lot or lots as evidenced by the recording of the deed of the successor lot owner-voting member at the Register's Office for Monroe County, Tennessee.

c. Membership Privileges: Membership Privileges are listed as follows: Use of the security gate, lake, water system, roads, picnic area, boat ramp and storage area, compactor, walking areas, a voice in the community by voting and other amenities offered by LMLA.

#### **ARTICLE V. VOTING**

a. The recorded private owner(s) of each lot in the development identified in Article III shall have the exclusive privilege of exercising a single vote, the Developer or its designated representative defined in Article III shall have the exclusive privilege of exercising its single vote, and the Developer-Related owner(s) of each lot in the development identified in Article III shall have the exclusive privilege of exercising a single vote for each lot-owned up to a maximum of ten (10) lots/votes combined for all such Developer-Related owners, in the Association's general membership meetings, upon any issue or matter submitted to the membership, and for the election of each officer of the Association.

b. The total number of eligible votes shall be equal and limited to the total number of surveyed lots existing in the development as of the date of said vote, less all such lots owned by the Developer plus one, less all such lots owned by any Developer-Related Voting Member(s) over ten (10) as defined in Article III.

c. Except as otherwise may be specifically provided in the Bylaws and Declaration of Covenants, a fifty-one percent (51%) affirmative vote of a quorum of the total number of eligible "lot-votes" shall be required to approve the adoption of any measure submitted to the membership and/or to elect any officer of the Association, except as otherwise specifically provided in the Bylaws and Declaration of Covenants. (see Covenants, Article 5E).

d. The Lot owner-voting member may cast his (her) (their) one (1) vote in person at general membership meetings called to conduct the business of the LMLA, or by mail ballot to and as arranged by the Executive Secretary of the LMLA.

e. Loss of Vote. Any voting member, recorded owner(s) of a lot or lots (Covenants, Article 1, Section 3 "c"(1) ), who has not paid all Association dues and/or assessments and interest for the prior year by January 1 will forfeit their voting privilege. This will remain in force until such time as all prior year dues and interest are paid in full.

#### **ARTICLE VI MEETINGS**

a. LMLA Association

(1) The Annual Meeting of the members of the LMLA shall be held on the third Saturday in August of each year, at a time established by the Board of Directors, or on such alternate date in August as a quorum of the Board shall select.

The Executive Secretary of the LMLA shall cause notice to be sent to the LMLA Members at least thirty (30) days prior to the meeting.

(2) Special Meetings of the LMLA can be called by a quorum of the Board, or by 40 of the LMLA voting members (defined in Covenants Art I. Section 3 "c" (1), irrespective of the number of lots owned by individual members and as amended by ByLaw Article V c.

The Executive Secretary of the LMLA shall cause notice to be given to the LMLA Members at least thirty (30) days prior to the meeting, setting forth the substance of the matters to be considered at the Special Meeting.

b. Board Of Directors

(1) Regular meetings of the Board of Directors shall be held on the second Tuesday of January, April, July, and October, and additional dates as the President or a quorum of the Board shall deem necessary.

The Executive Secretary of the LMLA shall cause notice to be sent to the members of the Board and all LMLA voting members at least ten (10) days prior to the meeting.

(2) Special Meetings of the Board of Directors can be called by the President or by a quorum of the Board or by at least forty (40) of the LMLA voting members (defined in Covenants Article I Section 3 c (1), irrespective of the number of lots owned by individuals, and as amended by ByLaw Article V c.

The Executive Secretary shall cause notice to be sent to the Board of Directors and all LMLA voting Members at least ten (10) days prior to the date and time of the meeting and such notice will set forth the substance of the matters to be considered at the Special Meeting.

c. Robert's Rules Of Order

Meetings of LMLA shall be guided by "Robert's Rules of Order" (See Attachment IV).

**ARTICLE VII.  
OFFICERS AND THEIR ELECTION**

a. Officers: The officers of the LMLA shall consist of a President, Vice-President, Secretary, LMLA Treasurer, Utility Treasurer, and such other officers as may be determined upon from time to time by the Association.

b. Eligibility: Voting members only, as defined in Article IV, may be elected and serve as officers of the LMLA Board with the exception of eligible voting members as defined in Article V. e.

Any employee who is a property owner with voting rights can run for and hold office on The Board of Directors. A Board member is expected to abstain from voting when a conflict of interest is determined. The abstention must be noted in the minutes of the meeting.

c. Longevity of Board Membership: No member of the Board shall be able to hold any position for more than a three (3) year consecutive term. If sufficient nominations are not secured for board positions, then the three (3) year restriction will be waived.

d. Election: Officers of the LMLA shall be elected at the Annual Meeting of the Association called for that purpose in the month of August, and shall assume their official duties immediately upon such election, serving until the election of their successors. A vacancy occurring in any office shall be filled for the unexpired term by a Voting Member elected by the Board of Directors.

e. Duties:

(1) The President shall preside at all meetings of the Association, shall serve as Chairman of the Board of Directors, shall be responsible for the day-to-day operations of the Association, shall appoint all committees as provided in Article X unless otherwise provided, shall sign and otherwise execute on behalf of the Association such business and legal documents as are necessary in the duly authorized activities of the LMLA, provide an agenda to the Board of Directors of the topics to be discussed at the next Board Meeting at least five (5) days prior to the meeting and cause the agenda to be posted on the Community Bulletin Board, and shall perform such other duties as may be prescribed in The Charter or Bylaws or as otherwise determined by The Association.

(2) The Vice President shall perform the duties of the President in the absence or disability of that officer to act, and shall perform such other duties as may be prescribed in the Charter or ByLaws or as otherwise determined by the Association.

(3) The Executive Secretary shall cause to be recorded the minutes of all meetings of the Association and the dissemination of such minutes and other pertinent information to the membership; shall act as custodian of all official documents and records of LMLA, which documents and records shall be kept in a safe and secure location and be readable upon being retrieved. It is suggested that permanent records be recorded on a thumb drive or other electronic device and kept in a lock box at the bank while a copy be kept locally with the secretary for more immediate use; shall direct the execution of the decisions of the Association except for financial records kept by the Treasurers who shall be custodian of their respective accounts, otherwise may be determined upon from time to time by the LMLA; shall receive,

record, and report to the meetings of the Association the tabulation of all mail voting; shall cause to be maintained a complete and accurate list of the names and mailing addresses of voting members of the Association; shall sign and otherwise execute on behalf of the Association such business and legal documents as are necessary in the duly authorized activities of the LMLA; and shall perform such other duties as may be prescribed in the Charter or Bylaws or as otherwise determined by the Association.

(4) The LMLA Treasurer shall have the custody of all of the funds of the Association; and the utility Treasurer shall have custody of the utility system funds; they shall cause to be maintained a full and accurate accounting of money receipts and expenditures; shall make disbursements as authorized by the Association; and shall perform such other duties as may be prescribed in the Charter or Bylaws or as otherwise determined by the Association. The accounts of the Treasurers shall be examined not less frequently than the month of August of each year by an Auditing Committee appointed by the President, and to consist of not less than three (3) Voting Members of the Association other than officers who satisfied that the accounts are correct and otherwise in good order, shall sign a statement of that fact at the end of their report to the Association given at the August Annual Meeting of the membership.

(5) The Utility Treasurer shall have custody of all funds of the LMLA Water System; shall cause to be maintained a full and accurate accounting of money receipts and expenditures, shall make disbursements as authorized by the LMLA Water Committee or Water Board; and shall perform other duties as may be prescribed in the LMLA Charter, Covenants and ByLaws or as otherwise determined by the LMLA. The accounts of the Utility Treasurer shall be examined not less frequently than the month of August of each year by an Audit Committee as defined in Article X. e. The Utility Treasurer shall meet quarterly with the Budget Committee to check on possible changes or additions to the budget of the Water Committee.

**ARTICLE VIII.  
DUES AND ASSESSMENTS**

a. Dues: Each Voting Member of the Association shall cause to be paid to the LMLA the annual dues per lot as may be recommended by the Board of Directors, and approved at the Annual Meeting of the LMLA. Such dues shall be expended by the Association to defray the common administrative expenses of the LMLA and in fulfillment of the continuing needs and programs adopted by the membership.

b. Special Assessments: Each Voting Member of the Association shall cause to be paid to the LMLA such specific assessments per lot as may be recommended by the Board of Directors, and approved by the membership at the Annual Meeting of the LMLA, or by mail ballot or by Special Meeting of the LMLA conducted as necessary in the intervals between annual meetings of the Association. Such assessments shall be expended by the Association to defray the expenses of one-time projects and/or emergency problems of the development as proposed to and approved by the membership.

c. Determination: The adoption of such annual dues and/or special assessments shall be set by the Board of Directors, and shall require a fifty-one percent (51%) affirmative vote of a quorum of the total number of eligible "lot-votes" of the Association before becoming effective.

d. Property Categories for Annual Dues and Assessments:

	August, 1996	(Rev. August 2003)
<u>Category I</u>		
Unimproved Lots	\$100.00	\$200.00
<u>Category II</u>		
Improved Lots (have connected to LMLA water system) (Have started work)	\$170.00	\$270.00
<u>Category III</u>		
Have house but live there Less than four (4) months Per year	\$240.00	\$340.00
<u>Category IV</u>		
Full-Time Residents	\$450.00	\$550.00

e. Property Appraisal Committee: A standing committee to be comprised of three (3) Voting Members of the Association shall be appointed by the President at the Annual Meeting of the LMLA, or within thirty (30) days thereafter, to serve until the appointment of their successors.

(1) This committee shall examine and otherwise inquire into the use of each lot in the development and shall assign each such lot to its appropriate category as of the fifteenth day of November of each year, and shall complete a categorization list to be filed with the Executive Secretary on or before the fifteenth day of January of each succeeding year, and the Executive Secretary shall retain this list for inspection by the membership at the Annual Meeting and at such other reasonable times during normal business hours as necessary.

(2) Members may appeal the category assignment/dues assessment of their lot or lots established by the Property Appraisal Committee by requesting a review by the Board of Directors, and a majority of the Board shall be required to reverse the Property Appraisal Committee's categorization.

(3) If dissatisfied with the confirming or altered categorization by the Board of Directors, members may appeal for a determination by the whole membership through the Office of the Executive Secretary, in which event, a two-thirds (2/3) negative vote of the total eligible lot-votes shall be required to set aside the decision of the Board of Directors, and thereby confirm a category assignment(s) sought and claimed by the appealing member.

f. Dues and Assessment Proposals: The Board of Directors of the Association shall propose the annual dues per lot for ratification at the annual Meeting of the Association as provided in this Article; and shall propose such special assessments per lot as may be required from time to time for ratification by the membership.

#### **ARTICLE IX BOARD OF DIRECTORS**

a. The Board of Directors shall be composed of thirteen (13) individuals, all of whom shall be eligible voting members of LMLA. The Board shall consist of (a) the five (5) Officers of the Association (Article VII) (b) the voting Representative of the development company (Article IX), (c) five (5) at large members of the Association elected to serve by the membership at the Annual Meeting (see Article 1,e) by a majority of a quorum of the total number of eligible "lot votes", (d) two (2) at large members of the Association appointed to serve by the newly-elected President at the Annual Meeting or within thirty (30) days thereafter.

(1) The President and Executive Secretary of the Association shall serve as Chairman and Secretary, respectively, of the Board.

(2) The Board is empowered to transact necessary business of the Association in the intervals between meetings of the membership, and shall enforce the Declaration of Covenants, Bylaws, and the policies of the Association.

#### **ARTICLE X. STANDING AND SPECIAL COMMITTEES**

The President of the LMLA, upon the advice and consent of the Board of Directors, shall create and appoint thereto the members of such Standing Committees and/or Special Committees as may be necessary from time to time; and such committees shall report their findings, conclusions, and recommendations to the Board of Directors for consideration as provided herein, or direct referral to the LMLA Members through the Office of the Executive Secretary.

a. Building Committee: This Committee shall consist of a Chairman and two (2), or more committee members, and shall have such duties as provided by the Declaration of Covenants and the Bylaws, or by specific action of the Board of Directors.

b. Budget Committee: The Budget Committee shall be composed of the LMLA Treasurer, the Utility Treasurer and at least three (3) LMLA Members appointed by the President with the advice and consent of the Board of Directors. The Budget Committee shall meet at least one (1) week prior to each regular Board of Directors meeting in the months of January, April, July and October to review the status of LMLA General and Utility accounts. Based on said review, the Committee shall prepare a report to the Board as to the fiscal soundness of the accounts and make recommendations, as necessary, for the allocation of existing funds, avoiding shortfalls, and collection of past due moneys. The Budget Committee

shall also meet at least one (1) week prior to the Annual LMLA Meeting in August to review budgets and audits for the LMLA General and Utility accounts to be presented at the annual LMLA Meeting.

c. Property Appraisal Committee: Appointed for the purposes and with the authority as defined in Article VIII, Section e., page 5.

d. Water Committee: The Water Committee shall consist of five (5) members including the Water System Operator, the Utility Treasurer, and at least three (3) members appointed by the Committee Chair. The Chair shall be appointed by the LMLA President with the advice and consent of the LMLA Board. The Chair shall call Meetings of the Committee, as needed, to review operation and maintenance of the LMLA water system and LMLA dam, and the allocation of budgetary money. The Chair and the Utility Treasurer shall make reports to the LMLA Board at the regularly scheduled meetings of the Board.

e. Audit Committee: An Audit Committee Chair shall be appointed by the LMLA President. The Committee shall be named by the Chair and/or President with the advice and consent of the LMLA Board of Directors. It shall be composed of not less than three (3) voting members of LMLA other than officers, one of whom should have some experience with business audits. The Committee shall examine the books and all records of the LMLA Treasurer and Utility Treasurer at least annually prior to the LMLA Annual Meeting in August. Their report shall be given to the Board of Directors and the LMLA at the Annual Meeting of the LMLA in August. The signature of the Chair and the President shall attest to the veracity of the audit.

f. Roads Committee: The LMLA Roads Committee is a Standing Committee dedicated to the improvement and maintenance of the seven miles or so of roads of the LMLA Community. The Committee is comprised of a Chair and at least two (2) members. The chair and members will be selected with representation from all areas of our Community. This is to insure that all roads are given equal concern. Additional help will be provided by the community on special projects. LMLA Board of Directors will approve the membership and chair of the Committee. The Committee's responsibilities will include getting bids for all road improvements annually, selecting the best choice of all bids, and presenting the chosen bid to the Board of Directors of LMLA for approval. The Committee will provide supervision for the paying done by both hired professionals and volunteers. Repairs and maintenance of the road paying will be handled by the Committee itself or by hiring outside help as determined by the Committee. Maintenance of the road drainage is also the responsibility of the Committee. All road signs will be maintained by the Committee.

g. Lake/Dam Oversight Committee: The Lake/Dam Oversight Committee is a Standing Committee dedicated to the improvement and maintenance of Laurel Mountain Lake and dam. The Committee will be made up of a chairperson and two other members appointed by the chairperson. This committee will propose and have oversight of any capital improvement for the lake and dam, review of plans and placements of docks around the lake, monitor the health of the lake, and dam maintenance.

h. Other Committees: Other Committees may be added by appointment by the LMLA President with the advice and consent of the LMLA Board of Directors as needed from time to time.

#### ARTICLE XI BASIC POLICIES

a. Purposes: The Association is intended to provide a representative organization through which matters relating to security and safety, pollution and sanitation, common recreational facilities, and other development problems of shared interest and responsibility, shall be agreed and acted upon, and managed.

b. Restrictions: Owners of lots in Laurel Mountain Lakes Association are members of the Association and will subscribe to and will comply with the Protective Covenants governing this development, as duly enacted and promulgated.

c. Transfer: The developing company has in the past, and upon such considerations as may be mutually agreed upon by the developing company and the Association in the future, the developing company may transfer control and responsibility and/or title and ownership for certain properties and facilities in common use to the Association, thenceforth to be regulated and maintained by the Association. These common use properties and facilities may include, but are not limited to, the lake or lakes properly

located within the development, the beaches and designated access areas to the lake or lakes, water service facilities, dam(s) and roads.

d. Limitations: The Association shall be non-commercial, non-sectarian, and non-partisan. The name of the Association or the names of any members in their official capacities shall not be used in any connection with a commercial concern or with any partisan interest or for any purposes not appropriately related to the promotion of the object of the Association and the provisions of these ByLaws. The Association shall not, directly or indirectly, participate in any way in any political campaign whatsoever. Membership in this Association shall be available to any eligible lot owner without regard to race, color, creed, or national origin.

## **ARTICLE XII POWERS, DUTIES, INDEMNIFICATION**

a. Powers. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Tennessee, subject only to such limitations upon the exercise of such powers as are expressly set forth in its Charter, the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., and its adopted Bylaws. The Association shall have the power to do any act and all lawful things which may be required or permitted to be done by the Charter, and to do and perform any acts which may be incidental to the exercise of any of its express powers, including the following:

(1) To levy assessments, fees and personal charges on the Owners to enforce the payment of the same, all in accordance with the provisions of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., and these Bylaws, and to determine no more frequently than annually, a sum as liquidated damages that reasonably reflects the actual costs to the Association for enforcement of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc.

(2) To employ the services of any person or business with employees to conduct and perform the business, obligations and duties of the Association as may be directed by the Board and to enter into contracts for such purpose.

(3) On its own behalf or on the behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits in law or equity to restrain any breach or threatened breach of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., and to enforce, by mandatory injunction or otherwise, all provisions contained herein.

(4) To obtain, maintain and pay for such insurance or bonds, whether or not required by any provision of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., as the Association deems to be appropriate for the protection or benefit of the Association, its Owners, their tenants or guests.

(5) To contract and pay for, without specific membership approval, any project that does not exceed \$5,000 for the individual project, and does not cause the total expenditure of all budgeted monies for the current year to exceed the total income for the year, or if it requires a loan, such loan may be repaid on a yearly basis within the current budgeted income without a special assessment or raising dues. This provision includes projects new to the Association as well as projects necessary to maintain the proper functioning and repair of assets of the Association referred to as Common Property.

- a. In non-emergency situations, if the cost of the "total" project exceeds \$5,000, a vote of the membership is necessary to approve the expenditure.
- b. Additionally, in non-emergency situations, when the cost of the project exceeds \$5,000, the Board will assure that procedure is followed, when practical, to secure at least three (3) or more reasonable, comparable, competitive bids.
- c. If an emergency situation arises, the immediate need (emergency) must be justified and validated by the appropriate Standing Committee. With proper justification, the Board can waive the bid process requirement.
- d. The committee of members identified to provide oversight to the project shall be responsible for contacting service agencies to secure competitive bids and making the recommendation for selection, with rationale, to the Board for their support.

(6) To incur and service debt(s) necessary to accomplish the objectives specifically set forth in the Covenants and Bylaws so long as such action is approved by the Association as defined herein.

b. **Duties.** The Association, acting through its Board of Directors, Officers and committees shall perform such acts as may be reasonably necessary to enforce the provisions of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc. and provide other approved services for the benefit of Owners and their guests.

(1) **Non-Compliance Procedures.** The Association, acting by and through its Officers, Directors and committees, shall ensure that any Owner, who is alleged to have violated or not complied with the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., is afforded notice of their violation and an opportunity to be heard before any personal charges are enforced against such Owner.

a. An Owner alleged to have violated or not complied with the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., shall be notified of such allegations by a designee of the Board, accompanied by a witness, or by certified, return receipt mail, postpaid, to the last known address of the Owner or the person who appears as Member/Owner on the records of the Association at the time of the alleged violation.

b). Resolution of alleged violations of or noncompliance with the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., shall be accomplished by the NON-COMPLIANCE COMPLAINT PROCESS of the Covenant Enforcement Committee set forth in Attachment I to these bylaws.

c). Appeal to Monroe County Law Enforcement is reserved for violations of certain Special Protective Covenants that are best resolved through notification of appropriate Officers of the Law.

(2) The Association shall be obligated to provide for quality care, operation, management, maintenance, repair, and/or replacement of any and all Association Shared Roadways and Association-Owned ditches and shoulders adjoining those roadways.

(3) The Association shall be obligated to provide for quality care, operation, management, maintenance, repair of Laurel Lake Earthen Dam and related drainage valves and conduits.

(4) The Association shall be obligated to provide for quality care, operation, management, maintenance, repair and/or replacement of any and all water pumps, reservoirs and distribution valves and conduits. Further, the Operator shall be licensed to be a Water System Operator and a Water System Distributor, and shall be fully certified under current applicable Tennessee laws/statutes, which as of 2010 require certificates as Water System Operator and Water System Distributor.

(5) The Association shall be obligated to provide for quality care, operation, management, maintenance, repair, and/or replacement of the Security Gates which control ingress and egress onto Association Shared Roadways. Said Gate System shall at all times comply with current Tennessee State Statutes. (Source: State of Tennessee, Public Chapter No. 1008, Public Acts, 2008, Approved the 22<sup>nd</sup> day of May, 2008).

(6) The Association shall be obligated to and shall obtain and keep in full effect the provision of a contracted Refuse Disposal Service for the use of all Owners subject to the Association approved limitations.

(7) The Association shall be obligated to and shall obtain and keep in full effect at all times broad form comprehensive liability insurance. Coverage should be equal to, or greater than, the policy put into effect July 8, 2009, which specified property covered and established liability limits. (Source: Liability of Homeowners Assn., Specified Property and Commercial Liability Limits, the Johnson Agency, Madisonville, TN, 37354).

c. **Indemnification.** The Association shall indemnify its Officers, Board members, Directors, agents and/or employees, and hold each of them harmless, from all liability, loss, cost, damage and expense, including attorneys' fees and cost of litigation arising with respect to any operations of the Association, including but not limited to enforcement of the Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., provided that the Association shall not be required to indemnify or hold such parties harmless for their acts of gross negligence or willful wanton misconduct. (See Covenants Article I, Section 3, f.).



**ARTICLE XIII**  
**PETITION FOR CHANGE (Individual)**

- a. **Petition for Change:** The Covenants of LMLA contained herein may be changed, amended, corrected, deleted, added to (NOTE: Hereinafter, "changes" denotes all of these.) in successive periods of five (5) years if the owners/members of LMLA agree to the changes by more than 50% of a quorum of eligible lot votes. The following procedures may be used to affect change:
- (1) Submit change(s) to the Covenant-Bylaw Committee, which has been appointed and approved by LMLA Board of Directors, at any meeting of such body in writing and dated prior to deadline set by the Committee. The person requesting the change may appear before the Committee to discuss the change(s).
  - (2) An individual may initiate a change:
    - a. Write their proposed change.
    - b. Sign and print their name, put in their lot number(s) and date the proposal
    - c. Secure at least fifteen (15) signatures and lot numbers of eligible lot voters.
    - d. Attach list in "c" to document proposed change.
    - e. Submit proposed change to the LMLA Board of Directors for review. It shall then be mailed to the LMLA members as an addendum with other changes to be voted on.
  - (3) All ballots of proposed change(s) shall be returned to the Executive Secretary with other voter returns.
  - (4) Unless otherwise provided prior to adoption or in the motion to adopt, changes shall become effective upon adjournment of the LMLA Annual Meeting or special association meetings for the year the changes are proposed.

**ARTICLE XIV**  
**AMENDMENTS TO BYLAWS**

**Section 1:** These Bylaws may be amended at any special meeting of the Association called for that purpose, or at the regular meetings of the Association, and require a fifty-one (51%) affirmative vote of a quorum of the total number of eligible "lot-votes". Notice of change and of the subject matter of the proposed amendment shall be conveyed to the members by the Executive Secretary, postmarked at least thirty (30) days in advance of the meeting.

**Section 2:** Unless otherwise provided prior to its adoption or in the motion to adopt, an amendment shall become effective upon adjournment of the meeting at which it is adopted.

This document prepared for recording by:  
Peggy A. Callaway  
272 Laurel Mountain Rd.  
Madisonville, TN 37354  
(423)442-3196

**APPROVED ATTACHMENTS TO LMLA COVENANTS AND BYLAWS AS FOLLOWS:**

**ATTACHMENT I:** Non Compliance Complaint Process and Form  
**ATTACHMENT II:** Appeal Process for Non Compliance Violations and Form  
**ATTACHMENT III:** Approved Proxy Form  
**ATTACHMENT IV:** Robert's Rules of Order Guidelines  
**ATTACHMENT V:** Late Fee Schedule

LMLA BYLAWS 1-2011  
(pc)

## ATTACHMENT I

### NON-COMPLIANCE COMPLAINT PROCESS

The process of receiving, verifying and advancing complaints for non-compliance of Covenants and By-Laws shall be the responsibility of the Covenant Enforcement Committee (CEC). The CEC shall be composed of four (4) Association members.

- A. Selection and Composition of the CEC:
1. The CEC will have a Chairperson (CCEC) who will lead the CEC in all matters of alleged non-compliance violations. The CCEC will be appointed by the President for a term of one (1) year.
  2. Two members of the CEC will assist the CCEC in the verification and notification stages of the complaint process. One member will serve on CEC for a period of three months, the other member will serve for four months.
  3. The name of a fourth, alternate member CEC, shall also be drawn from a pool of LMLA members. The alternate member will be on call for a period of three months. He/she will serve in the absence of a regular member.
- B. Notification and Verification of Non Compliance Violation:
1. The process of filing a Covenant or By-Law complaint begins with the completion and submission of the Complaint Form (Attachment Ia). The completed Complaint Form is filed with the CCEC.
  2. The CCEC, with the assistance of the CEC shall verify the complaint. The principal parties involved in the complaint, as well as any possible witnesses, will be interviewed.
  3. If the complaint is found to be valid, the violator/property owner will be notified. A copy of the complaint and an Appeal Form (Attachment Ib) will be provided to the violator/property owner. Formal notification of the violations will occur by a person delivery from the CCEC accompanied by another member of the CEC, or by mail with delivery confirmation.
  4. The violator/property owner shall have ten (10) business days to respond. If the complaint is rectified by that time, it shall be documented by the CCEC and the complainant notified.
  5. If the violator/property owner refuses to acknowledge, rectify or ignores and fails to respond to the complaint, a registered letter from the Board of Directors shall be sent. The registered letter will spell out the complain and cite the Covenant or By-Law in violation. The violator/property owner shall be given ten (10) business days to correct the problem or respond to the Board. The first day will begin upon the date of signature on the registered letter. The violator/property owner shall have the right of appeal at any time during the procedures.
  6. If an assessment is levied, the violator/property owner will be given ten (10) business days to pay or provide a suitable arrangement for payment. The violation must be corrected.
  7. If the violator/property owner ignores the assessment, an escalating fee schedule shall be applied by the Board.
  8. If the violator/property owner continues to ignore the complaint and/or assessment, the Board is authorized to take such legal proceedings as it deems necessary to bring resolution.

#### SUMMARY OF NON-COMPLIANCE ASSESSMENT SCHEDULE

Violation one: Notification and compliance expected  
Violation two: \$25.00 assessment. Payment expected upon notification  
Violation three: \$150.00 assessment. Payment expected upon notification  
Subsequent Violations: Board is authorized to take legal proceedings.

NOTE: The Appeal Process is available at any time (See Attachment II)

ATTACHMENT 1a (Complaint Form)

**LAUREL MOUNTAIN LAKES ASSOCIATION**

Complaint Form

Requested by:

Name \_\_\_\_\_ Address \_\_\_\_\_

Phone No. \_\_\_\_\_

Complaint being made against:

Name \_\_\_\_\_ Address \_\_\_\_\_

Complaint: Include description of complaint, date and time and any additional information

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Use back of form for additional space)

By Law or Covenant being violated \_\_\_\_\_

Have you confronted the person responsible about their violation? \_\_\_\_\_

\_\_\_\_\_

Were there any witnesses to violation? \_\_\_\_\_

Complainants signature: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTICE TO HOMEOWNERS:** Your complaints will be confidential unless it becomes necessary for a hearing and/or small claims court.

**FOR BOARD USE ONLY**

Date received by Board: \_\_\_\_\_ Date of decision: \_\_\_\_\_

Violator notified: \_\_\_\_\_

Method of notification: \_\_\_\_\_

Signature of Contact Person: \_\_\_\_\_

Signature of Violator: \_\_\_\_\_

Problem resolved without further action: YES \_\_\_\_\_ NO \_\_\_\_\_

Appeal Hearing Requested: YES: \_\_\_\_\_ NO \_\_\_\_\_

**APPEAL HEARING:**

Date of Hearing: \_\_\_\_\_ Time: \_\_\_\_\_

Address: \_\_\_\_\_

Fine: \_\_\_\_\_

Action: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ATTACHMENT II  
APPEAL PROCESS FOR NON-COMPLIANCE VIOLATIONS**

If a violation/property owner chooses, this Attachment provides them with an Appeal Process to be followed once a violator/property owner has been formally notified that a Non-Compliance Complaint has been filed against him/her.

- a. **Right of Appeal:** Any formal notice of Non-Compliance of a Special Protective Covenant delivered to a violator/property owner by a representative of the Covenant Enforcement Committee (CEC) may be appealed to the Board of Directors (Board) of Laurel Mountain Lakes Association (LMLA) by filing an appeal following the process below.
- b. **Appeal to the Board of Directors:** An appeal must be in writing on the Appeals Form (See Attachment II a) approved for such use by a majority vote of the Association membership. Appeal forms may be obtained by contacting the Board Designee (Chair of the CEC) or downloading the property form from the LMLA web site ([www.laurelmtnlake.com](http://www.laurelmtnlake.com)).
- c. **Time for Filing a Board Appeal:** An appeal shall be filed at the residence of the Board Designee within eleven (11) business days following the date on which the receipt of notification was documented.
- d. **Processing a Board Appeal:** Upon receipt of a completed appeal, the CCEC shall determine if the appeal was properly filed and notify the appellant of any deficiency. Any deficiency in the appeal request shall be rectified by the appellant within seventy-two (72) hours of notification of the deficiency.

If the appeal is properly filed, the CCEC shall furnish a copy of the completed appeal to the Board President and any LMLA member significantly affected by the appeal as determined by the CCEC. Provided, however, in the event that more than three (3) property owners are affected, the CCEC may choose not to furnish a copy of the appeal. Instead, the CCEC may issue a general notice regarding the disposition of the appeal which will inform those interested in the appeal. Those affected may obtain a copy of the appeal by requesting it in person at the residence of the Board Designee.

The CCEC shall promptly collect and review all pertinent information and prepare a report to the Board regarding the appeal. The Board will then make a decision on the merit of the appeal and inform the appellant of the decision.

- c. **Hearing for Board Appeals:** As appropriate, once the Board determines the request for appeal has merit, the CCEC shall schedule an appeal hearing with the Board within five (5) business days of the Board's decision. The appellant, the CEC, and any other Association member required to be furnished a copy of the appeal shall be notified of the time and place of the hearing and each member shall be given an opportunity to be heard. The appellant and any member required to be furnished a copy of the appeal shall be furnished written statements in support of their position to the Board President three (3) days prior to the hearing. Other property owners who may be affected by the decision but who are not required to be provided copies of the appeal are also entitled to provide written statements to the Board as provided above. The Board is charged with the responsibility for establishing a complete and accurate record of an appeal hearing.

(Attachment II - page 1 of 2 - Appeal Process Non Compliance Violations)

At the hearing, the appellant shall present his/her information and position first, a member of the CEC shall present information relative to the complaint and the alleged violation of the Protective Covenant in question, any other Association member required to be furnished a copy of the appeal may present his/her information, and any other CEC or Board member may present information if deemed necessary.

If new or additional information is presented to the Board by the appellant that has not been previously submitted as required above, additional time may be scheduled by the Board for review and further consideration.

- f. **Board's Decision on Appeal Extensions:** The decision of the Board regarding an appeal under this provision shall generally be made no later than thirty (30) days after the receipt of the request for an appeal hearing. If, in the opinion of the Board, special circumstances indicate a time extension is warranted, a decision shall be rendered as soon as practically possible. If special circumstances require that the decision will be made beyond the thirty (30) days for furnishing the decision, written notice of the time extension shall be furnished to the appellant prior to the commencement of the extension. An appeal may be extended twice at the request of the appellant. The second extension, however, shall be considered the final decision on an appeal and its determination shall be furnished in writing to the appellant and the CEC.
- g. **Final Decision:** Decisions made by the CEC on matters where no appeal to the Board is requested, and decision by the Board on matters where appeal is requested, shall be final, binding and conclusive on all affected/interested parties.
- h. **Amendments; Waiver:** The process prescribed in this Non-Compliance and Appeals section may be revised, amended, supplemented or otherwise changed from time to time by action of the Board, should the Board determine that such action is in the best interest of the members of the Association. The Board specifically reserves the right to waive the formalities of this appeals process when a less formal and more lenient time frame seems more reasonable, and the Board determines that such a waiver does not, or will not, result in unfair or biased treatment of any matter under review by the Board.

ATTACHMENT II a (Appeal Form)

LAUREL MOUNTAIN LAKES HOME OWNERS ASSOCIATION

APPEAL FORM

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

STREET ADDRESS: \_\_\_\_\_ Lot #: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

PHONE (day): \_\_\_\_\_ (evening): \_\_\_\_\_

E-mail: \_\_\_\_\_

Preferred Method of Contact: \_\_\_\_\_

APPEAL

1. Please describe the original complaint of non-compliance:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Date of the original complaint: \_\_\_\_\_

3. Date of notification of complaint: \_\_\_\_\_

4. Please provide, where possible, the names of any individuals involved in the complaint:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Please describe the alleged violation:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Please describe the remedy sought:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To include more information, please attach additional sheets as necessary. If available please include any documentation from the original complaint.

Thank you for completing this form. The Covenant Enforcement Committee (CEC) will conduct the investigation necessary to determine the validity of the alleged violation and reconsider the decision/response of the Board. If appropriate, the Chairperson of the Covenant Enforcement Committee (CCEC) will arrange to meet with you the appellant to discuss the matter and attempt to reach an informal resolution of the appeal. The Board will make a final determination within thirty (30) days from the date of the filing of the request for reconsideration. Any informal resolution of the appeal will be documented in the Board/CEC's Complaint File.

Accordingly, the resolution by The Board of any one complaint does not constitute a precedent upon which The Board is bound or upon which other complaining parties may rely.



ATTACHMENT III

LAUREL MOUNTAIN LAKES ASSOCIATION

PROXY ASSIGNMENT

I hereby appoint \_\_\_\_\_, who is an eligible lot voter of LMLA, to serve as a proxy holder, voting on my behalf for the following:

Laurel Mountain Lakes Association Annual Meeting, to be held on the following date:

\_\_\_\_\_

Laurel Mountain Lakes Association Annual Meeting (excluding actions covered in advance by an absentee ballot), to be held on the following date:

\_\_\_\_\_

Lot number(s) that the proxy will be valid for: \_\_\_\_\_

Name of property owner: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Phone number where the property owner may be reached: (\_\_\_\_\_) \_\_\_\_\_

I certify that all fees applicable to the above mentioned lot(s) have been paid for prior years and understand this is a condition for allowing a proxy vote to be cast.

Signature of property owner: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTICE:** This form may be received by the Laurel Mountain Lakes Association secretary by mail or in person. If mailing, please mail ten (10) days in advance of the meeting in which the proxy is to be used.

Mail To:

Attn: Secretary  
Laurel Mountain Lakes Association  
304 Laurel Lake Circle  
Madisonville, TN 37354

(This form may be duplicated as needed)

**ATTACHMENT IV**  
**GUIDELINES FOR ROBERT'S RULES OF ORDER**  
(Condensed Version)

1. The Chair, or in our organization, the President must be willing to interrupt any person who speaks out of turn and tell that person when he/she will have the opportunity to speak. A rap of the gavel, if necessary, and reminder should be sufficient.
2. All conversations must address the Chair or President. Discussion between members, especially visitors to meetings, should be conducted outside the meeting.
3. A time of communication concerning agenda items would be allowed at the beginning of each meeting. This is the time when additions to the agenda would be added. When the meeting is called to order, visitor conversation should be curtailed so the Board may conduct all business before it in an orderly manner. A question or comment that arises after a report is given or motion is made, needs to be addressed to the chair and the speaker must be recognized before speaking.
4. A time limit of three (3) minutes should be allowed for each speaker. They must yield the floor to others at the end of that time. Two (2) speeches for and two (2) against a measure should be sufficient before a vote is taken. If there is still controversy, the issue before the Board may be postponed for further research and brought to a later meeting.
5. The Chair or President needs to read "Robert's Rules". There are brief versions that do not take too long. It could be helpful to have a parliamentarian who is familiar with "Robert's Rules" to attend meetings, but if not absolutely necessary. In our Board meetings, there are usually two (2) persons present who are familiar with Robert's Rules at every meeting and who can be our parliamentarians.
6. Having a brief copy of "Robert's Rules" on hand could prove helpful, but time should not be wasted looking up specifics that are not vital to the order of the meeting. Issues in question can be postponed until another time or brought up again if there is sufficient question about them.

ATTACHMENT V

APPROVED LATE FEE SCHEDULE

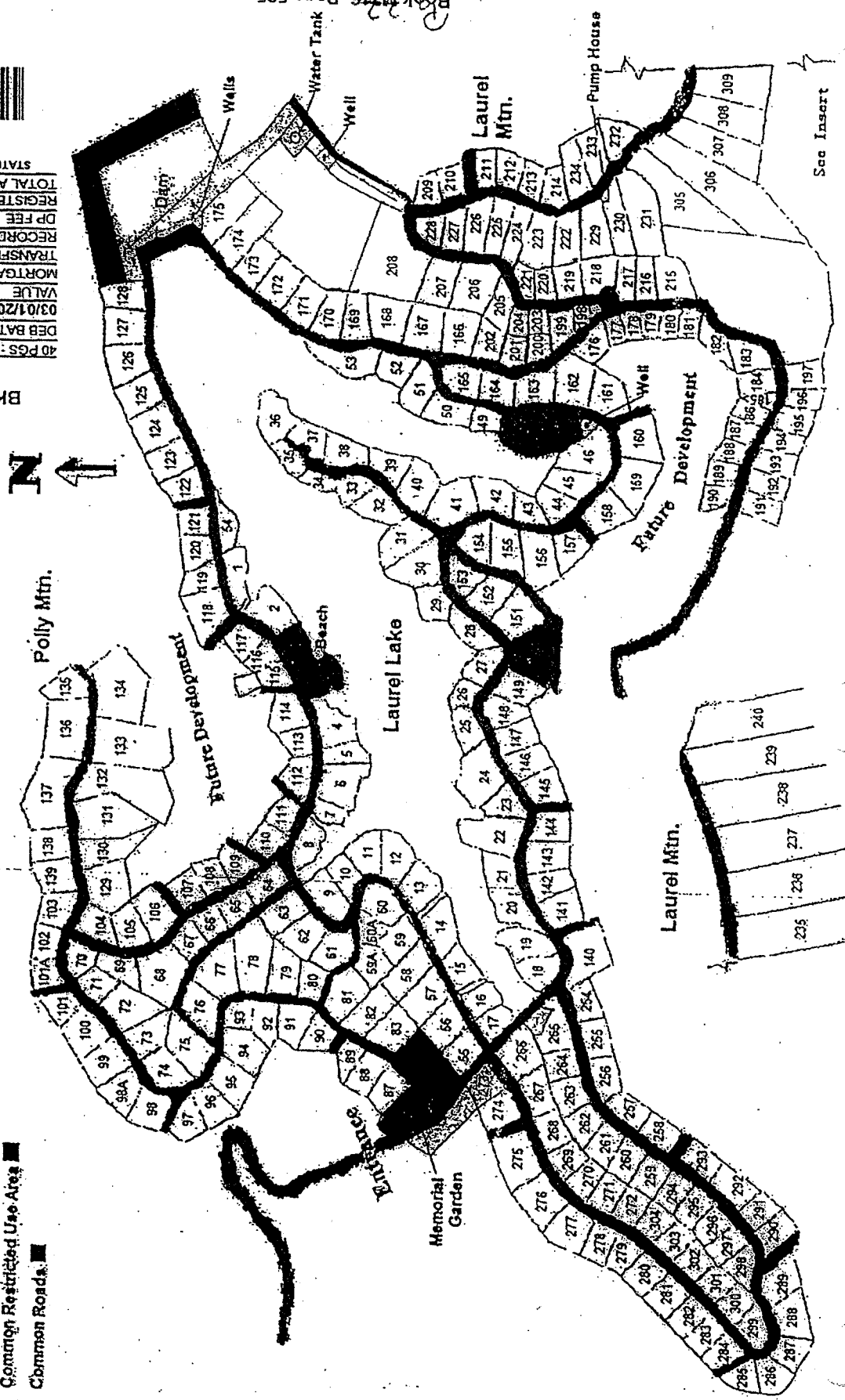
<u>CATEGORY</u>	<u>APRIL 1</u>	<u>JULY 1</u>	<u>OCT. 1</u>	<u>DEC. 1</u>	<u>YEAR TOTAL</u>
I	\$5.00	\$5.00	\$5.00	\$5.00	\$20.00
II	\$6.75	\$6.75	\$6.75	\$6.75	\$27.00
III	\$8.50	\$8.50	\$8.50	\$8.50	\$34.00
IV	\$13.75	\$13.75	\$13.75	\$13.75	\$55.00

This amount will be added each date if there are any unpaid dues at that time.

# Laurel Mountain Lakes Community

\*Reference Covenants Article I, Sec. (e)

- Undeveloped Roads/Trails or Easements ■
- Common Restricted Access for Utility Maintenance Only □
- Common Recreational Area, Non Restricted ■
- Common Restricted Use Area ■
- Common Road ■



BK/PG: M216/526-565  
11018401

40 PGS - AL - RESTRICTIONS	03/01/2011 - 01:32:33 PM
DEB BATCH: 30629	0.00
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	200.00
DP FEE	2.00
REGISTRAR'S FEE	0.00
TOTAL AMOUNT	202.00

STATE OF TENNESSEE, MONROE COUNTY  
MILFRED ESTES  
REGISTER OF DEEDS



See Insert