

**BY-LAWS OF
TELLICO HARBOR PROPERTY OWNERS ASSOCIATION, INC.**

A CORPORATION NOT-FOR-PROFIT

I. IDENTITY

These are the By-Laws of Tellico Harbor Property Owners Association, Inc., a corporation not-for-profit under the laws of the State of Tennessee, the Charter of which was filed in the Office of the Secretary of State on the 10th day of December, 1988 (hereinafter called "Association"), which has been organized for the purpose of administering the operation and management of facilities for the use and benefit of Lot owners in Tellico Harbor, a planned unit development established upon property located in Monroe County, Tennessee, which is more particularly described in the Declaration of Covenants, Conditions and Restrictions recorded in the Register's Office for Monroe County.

- A. The provisions of these By-Laws are applicable to Tellico Harbor Property Owners Association, Inc., and the terms and provisions, conditions and authorizations contained in the Charter and the Declaration for Tellico Harbor. The terms and provisions of such Charter and Declaration are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith.
- B. All present or future owners, tenants or future tenants or any other person that might use Tellico Harbor are subject to the regulations set forth in these By-Laws and in said Charter of this Association.
- C. The office of the Association shall be located at 2000 Cherokee Drive, Maryville, Tennessee 37801.
- D. The fiscal year of the Association shall be the calendar year.

II. MEMBERSHIP, VOTING, QUORUM, PROXIES

- A. The qualification of members and voting by members shall be as set forth in paragraph 17 of the Charter of the Association. Suspensions of voting rights are defined in the Declaration of Covenants, Conditions and Restrictions.
- B. A quorum at members' meeting shall consist of persons entitled to cast a majority of the eligible votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

- C. The vote of the owners of a Lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a Certificate signed by all of the owners of the Lot and filed with the Secretary of the Association, and such Certificate shall be valid until revoked by subsequent Certificate. If such a Certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.
- D. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.
- E. Except where otherwise required under the provisions of the Charter of the Association, or these By-Laws, or where the same may otherwise be required by law, the affirmative vote of a majority of the members represented at any duly called membersø meeting, at which a quorum is present, shall be binding upon the members.

III. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

- A. The annual membersø meeting shall be held at the office of the Association, or at such other place designated by the Board of Directors, at 7:00 p.m. on the second Tuesday in March of each year, or at such other time as designated by the Board of Directors, in an appropriate and timely notice to the members for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday.
- B. Special membersø meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members of the Association owning a majority of the Lots.
- C. Notice of all membersø meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing. Such notice shall be written or printed and shall state the time and place and subject for which the meeting is called. Such notice shall be given to each member not less than ten (10) days or more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him/her. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his/her post office address, as it appears on the records of the Association, as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association,

whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. In the event that a member, after having been duly notified in the manner set out above, shall fail to appear, either in person or by proxy, said member, by such failure to appear, delegates the Board of Directors of the Association to cast his/her vote for him/her in any matter which comes to vote before the entire Association, and in which he/she would have been entitled to vote had he/she been present.

IV. BOARD OF DIRECTORS

- A. The Board of Directors of the Association shall consist of five (5) persons. All members of the Board of Directors shall be members of the Association
- B. The Board of Directors shall be elected by a majority of the members. The term of office of two (2) Directors will alternate with the remaining three (3) directors such that there will be an election every year for the two (2) or three (3) directors whose terms are expiring in a given year, resulting in two year terms for each Board member, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.
- C. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.
- D. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or e-mail, at least three (3) days prior to the day named for such meeting, unless notice is waived.
- E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of two-fifths (2/5) of the votes of the Board. Not less than three (3) days notice of a special meeting shall be given to each Director personally, by mail, telephone or e-mail, which notice shall state the time, place and purpose of the meeting.
- F. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.
- G. A quorum at the Directors meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board, approved by a majority of the votes present at a meeting at which a quorum is present, shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Charter and these By-Laws. If any Directors meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for

particular purposes has not attended, wherever the latter percentage of attendance may be required, as set forth in the Charter and these By-Laws, the Directors who are present may adjourn the meeting, from time to time until a quorum, or the required percentage of attendance is greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining the quorum.

- H. The presiding officer of Directors' meetings shall be the President of the Board. In the absence of the presiding officer, the Directors present shall designate one of their members to preside. The Directors may conduct Association business at any time through special meetings as initiated by any member of the Board. Such business conducted by special meetings shall be reported by the Secretary at the next monthly meeting following such activity. The Secretary shall record the special meeting in the minutes of the monthly meeting along with any supporting documentation (such as e-mails).
- I. No compensation shall be paid to Directors for their services as Directors.
- J. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Charter of the Association, and these By-Laws. Such powers and duties shall be exercised in accordance with said Charter, these By-Laws and the common law and statutes, and shall include, without limiting the generality of the foregoing, the following:
 - 1. To make, levy and collect assessments against members and members' Lots to defray the costs of the operation and maintenance of common elements, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;
 - 2. To make and amend Rules and Regulations governing the use of the property, real and personal, owned and operated by the Association for the use and benefit of unit owners, so long as such Rules and Regulations and limitations which may be placed upon the use of such property do not conflict with the terms of the Charter;
 - 3. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the development and all common elements and in accomplishing the purposes set forth in the Charter;
 - 4. To contract for the management of the Association, and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Charter or to have approval of the Board of Directors and membership of the Association;

5. To enforce, by legal means, the provisions of the Charter, By-Laws and the Declaration of the Association, and the Rules and Regulations hereinafter promulgated governing use of the property and facilities;
6. To convene a Covenant Compliance Committee (CCC), consisting of the Director at Large and two (2) appointees from the Association's membership currently not serving on the Board of Directors or the Architectural Control Committee (ACC). The CCC shall be chaired by the Director at Large. The purpose of the CCC shall be to investigate, resolve and/or advise the Board on any issue or non-compliance to the governing documents, as the Board deems necessary;
7. To pay all taxes and assessments, which are liens against any part of the property owned by the Association, and to assess the same against the members and their respective units;
8. To carry insurance for the protection of the members and the Association against casualty and liability, in the amounts determined by the Board of Directors;
9. To pay all costs of power, water, sewer and other utility services, if any, rendered to the property owned by the Association;
10. To employ personnel, for reasonable compensation, to perform the services required for proper administration of the Association and the Association's common property; and
11. To borrow money, not to exceed \$15,000 in any calendar year, for any legitimate purposes which may be deemed necessary by the Board of Directors, without specific membership vote and/or approval, for the improvement, maintenance and well-being of the property. Except in an emergency situation (when the Board may act as necessary to contain the emergency), the borrowing of any money, in excess of \$15,000.00 must be brought before the Property Owners for vote, at either a specially called meeting or a general membership meeting.

V. OFFICERS

- A. The executive officers of the Association shall be a President, a Vice President, a Treasurer and a Secretary, all of whom shall also serve as Directors of the Association, and all of whom shall be elected annually by the Board of Directors at the organizational meeting defined herein. Any person may hold two or more offices, except that the President shall not also be the Treasurer. The Board of Directors shall from time to time elect such other officers and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association.
- B. The President shall be the chief executive officer of the Association. He/she shall have all the powers and duties which are usually vested in the office of President of an association

including, but not limited to, the power to appoint committees from among the members, from time to time, as he/she may in his/her discretion determine appropriate, to assist in the conduct of the affairs of the Association.

- C. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He/she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.
- D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He/she shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He/she shall keep the records of the Association, and shall perform all other duties incident to the office of Secretary of Association and as may be required by the directors or President.
- E. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He/she shall keep the assessment rolls and accounts of the members; he/she shall keep the books of the Association in accordance with good accounting practices; and he/she shall perform all other duties incident to the office of Treasurer.
- F. A Director at Large, while not an officer, will be designated as chairman of the Covenant Compliance Committee and serve on the Architectural Control Committee when required.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association are as follows:

- A. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each lot. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments. Personal charges shall be included herein as applicable.
- B. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the income and costs of performing the functions of the Association, including but not limited to, the following:
 - 1. Common Balanced Budget, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of common areas, landscaping, walkways, office expenses, common utility services, casualty insurance, liability insurance, legal services, administration, reserves (operating and replacement), and capital improvements.
 - 2. Proposed assessments against each member and the due date of any payments.

Copies of the proposed budget and proposed assessment shall be transmitted to each member on or before fifteen (15) days of the annual meeting. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished to each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors, to at any time, in their sole discretion, to levy any additional assessment in the event that the budget originally adopted appears to be insufficient to pay costs and expenses of operation and management or in the event of emergencies. During an emergency situation, and should a majority of the Board not be available, the available members of the Board shall have the authority to act without majority agreement to contain the emergency until such time a majority is available.

- C. The depository of the Association shall be such federally insured bank or banks and/or federal savings and loan associations as shall be designated from time to time by the Directors, and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the Directors.
- D. An audit of the accounts of the Association may be made annually by a Certified Public Accountant, at the discretion of the Board, and, if performed, a copy of the report shall be furnished to each member not later than January 31 of the year following the year for which the report is made.
- E. Upon written request from any first mortgagee, a copy of the financial statement for the immediately preceding year shall be provided.

VII. AMENDMENTS TO BY-LAWS

Amendments to the By-Laws shall be proposed and adopted in the following manner:

- A. Notice: Notice of the subject matter of a proposed amendment shall be included in the Notice of any meeting at which a proposed Amendment is considered.
- B. Approval: A resolution adopting a proposed Amendment must receive approval of two-thirds (2/3) of the votes of the eligible qualified owners of the Association. Directors and members not present at the meetings considering the Amendment may express their approval by proxy and/or in writing.
- C. Initiation: An amendment may be proposed by either the Board of Directors or by ten (10) per cent of the eligible voting membership of the Association, and after being proposed and approved by the Association as provided herein, a formal document of Amendment shall be prepared and recorded.

VIII. INSPECTION OF BOOKS, RECORDS AND DOCUMENTS

The Association shall, upon request, within a reasonable time of not less than two weeks, make available to lot owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the (i) Declaration of Covenants, Conditions and Restrictions for Tellico Harbor, (ii) By-Laws of Tellico Harbor Property Owners Association, Inc., (iii) Rules and Regulations of Tellico Harbor, and (iv) all books, records and financial statements of the Association. The foregoing shall be made available during normal business hours at the office of the Association, at a mutually agreeable date and time.

The foregoing were approved by the Association and adopted as By-Laws of Tellico Harbor Property Owners Association, Inc., a corporation not-for-profit under the laws of the State of Tennessee, on the 17th day of July, 2012, replacing any and all previous By-Laws of record for Tellico Harbor Property Association, Inc. as recorded in the Register's Office for Monroe County, Tennessee.

[Mark Elam] _____
Mark Elam, President
Tellico Harbor Property Owners Association

STATE OF TENNESSEE
COUNTY OF MONROE

Before me, Vera E. Torbett, of the state and county aforesaid, personally appeared Mark Elam, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be President of Tellico Harbor Property Owners Association, Inc., the within named bargainer, a corporation, and that he as such President, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President.

WITNESS my hand seal at office in Madisonville, this 17th day of July, 2012.

[Vera E. Torbett] _____
Notary Public

My Commission Expires:

May 18, 2015