

CHARTER OF TELLICO HARBOR PROPERTY OWNERS
ASSOCIATION, INC.

The undersigned natural person, having capacity to contract and acting as incorporator of a corporation not for profit under the Tennessee Nonprofit Corporation Act adopts the following charter for such corporation:

1. The name of the corporation is Tellico Harbor Property Owners Association, Inc.
2. The duration of the corporation is perpetual.
3. This corporation is a mutual benefit corporation.
4. This corporation is not a religious corporation.
5. The name and address of the initial registered agent of the corporation in the State of Tennessee shall be Patrick Schaad, c/o Schaad Properties, 2601 Western Avenue, Knoxville, Knox County, Tennessee 37921.
6. The name and address of the incorporator is Sherry Hammer Kesterson, c/o Long, Ragsdale & Waters, P.C., 190 Market Place Boulevard, Knoxville, Knox County, Tennessee 37922.
7. The address of the principal office of the corporation in the State of Tennessee shall be 2601 Western Avenue, Knoxville, Knox County, Tennessee 37921.
8. This corporation is a nonprofit corporation.
9. This corporation will have members.
10. The purpose for which the corporation is organized is to operate and manage a planned unit development known as Tellico Harbor for the use and benefit of the owners of the lots as the agent of such owners. A Declaration of Covenants, Conditions and Restrictions has been or will be

filed with the Register's Office for Monroe County, Tennessee (the "Declaration").

11. No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to, its directors, officers or other private persons; except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth hereinabove.

12. All funds and the titles of all interests in properties acquired by this corporation, whether fee simple or leasehold in nature and the proceeds thereof shall be held in trust for the owners of the lots in accordance with the provisions of the Declaration and its supporting documents.

13. All of the powers of this corporation shall be subject to and shall be exercised in accordance with the provisions of the Declaration together with its supporting documents which govern the use of the land to be operated and administered by this corporation.

14. The corporation shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized and shall likewise have the powers provided for not-for-profit corporations by the Tennessee General Corporation Act, Tennessee Code Annotated Sections 48-1-101, et seq., or as the same shall hereafter be amended.

15. All owners of lots in Tellico Harbor shall be members of the corporation and no other persons or legal entities shall be entitled to membership.

16. The interest of any member in any part of the real property or in the funds and assets of the corporation cannot be conveyed, assigned mortgaged, hypothecated or transferred in any manner, except as an appurtenance to the lot.

17. Voting by the members of the Association in the affairs of this corporation shall be on the basis of one vote for each lot; provided, however, until four (4) months after the Developer has closed the sale of at least seventy-five percent (75%) of all lots, as evidenced by the recording of appropriate warranty deeds in the Register's Office for Monroe County,

Tennessee, transferring title to said lots from the Developer, or until five (5) years after the first conveyance of any lot, whichever shall occur first, the Developer shall be entitled to exercise control of eighty percent (80%) of all voting rights in the affairs of the Association. Such Developer control shall include but not be limited to the right of the Developer to control the Association, the Association Board, the Property, etc., except through votes allocated on the basis of lot ownership.

18. The property, affairs and business of the corporation shall be managed by a board of directors. The number of directors, the terms and manner of election of directors shall be specified in the bylaws of the corporation.

19. Assessments paid by the owners of lots for the maintenance and operation of Tellico Harbor and its interests shall be utilized by the corporation to pay for the cost of said maintenance and operation. The corporation shall have no interest in any funds received by it through assessments from the owners of individual lots except to the extent necessary to carry out the powers vested in it as agent for said members.

20. The corporation shall make no distribution of income to its members, directors or officers, and it shall be conducted as a non-profit corporation.

21. Any funds held by the corporation from its receipts over and above its common expenses shall be known as the common surplus of the corporation and the same shall be held for the use and benefit of the members in proportion to their pro rata ownership of lots.

22. Upon termination of Tellico Harbor and dissolution or final liquidation of this corporation, the distribution to the members of this corporation of the common surplus in proportion to their pro rata ownership of lots shall not constitute or be deemed to be a default under this section or distribution of income.

23. The incorporators and directors of the corporation shall have the right to take any action required or permitted by vote without a meeting on written consent pursuant to the provisions of Tennessee Code Annotated Section 48-1-1402.

24. The provisions of this charter may be amended, altered or repealed from time to time to the extent and in the manner prescribed by the Tennessee General Corporation Act, Tennessee Code Annotated Sections 48-1-101, et seq., and any additional provisions so authorized may be added hereto; provided that the provisions of this charter shall not be changed, modified, repealed or expanded in such a manner as to be inconsistent with the purposes for which the corporation is formed.

25. Every director and every officer of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the corporation or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the board of directors approves such settlement and reimbursement as being for the best interest of the corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

Dated: This 10th day of November, 1988.

Sherry Hammer Kesterson
Incorporator