

BYLAWS
OF
COVE NORRIS HOMEOWNERS' ASSOCIATION, INC.
(A Tennessee Not For Profit Corporation)

(Note: these bylaws were adopted per "ACTIONS OF BOARD OF DIRECTORS", July, 2000, and amended July 11, 2004 by the membership at large at the 2004 annual meeting of the Corporation.)

These Bylaws shall regulate the affairs of the corporation, subject to the provisions of the corporation's Charter and any applicable provisions of the Tennessee Nonprofit Corporation Act, T.C.A. § 48-51-101, *et seq.* (the "Act").

ARTICLE 1

NAME

The name of the corporation is Cove Norris Homeowners' Association, Inc.

ARTICLE 2

OFFICES

The principal office of the corporation in the State of Tennessee shall be located at 726 Fox Ridge Lane, Caryville, Tennessee 37714, in Campbell County, Tennessee, or at such other place as shall be lawfully designated by the board of directors, hereinafter sometimes called the "board". The corporation may have such other offices either within or without the State of Tennessee, as the board may designate or as the affairs of the corporation may require from time to time.

ARTICLE 3

PURPOSES

The purposes of the corporation shall be as provided in its charter. The aims of the corporation are to be carried out through any and all lawful activities, including others not specifically stated in the charter but incidental to the stated aims and purposes, both directly and through contributions to any other corporation, trust, fund or foundation whose purposes are religious, charitable, scientific, literary, educational, artistic or cultural, provided that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the corporation's charter or which are imposed on

corporations described in Section 501(c)(3) of the Internal Revenue Code and the Regulations thereunder or on any corporation contributions which are deductible under Section 170(c)(2) of the Internal Revenue Code as presently enacted, or as they may hereafter be amended or supplemented, or, if they are replaced by new sections of similar import, and to the final regulations thereunder.

ARTICLE 4

4.1 *Admission of Members.* Any person may be admitted as a member of the Corporation by the Board of Directors, provided such person pays the membership fees established by the Board of Directors, is interested in the furtherance of the purposes of the corporation, and is a property owner in the Cove Norris development which includes Sections I, II and III.

4.2 *Rights and Obligations.* Each member shall have, and be entitled to, one (1) vote regardless of the number of qualifying properties owned, and shall have the same rights and obligations with respect to voting, dissolution, redemption, transfer and all other matters as all other members. In the event property is owned jointly or severally, the property owners will still be entitled to only one (1) vote.

4.3 *Fees, Dues and Assessments.* The Board of Directors may establish membership fees to be paid by persons as a condition to being admitted as members and may also set from time to time dues, assessments and other fees to be paid by the members periodically. The resignation, expulsion or suspension of a member, or termination of his or her membership, does not relieve the member from any obligations that the member may have to the corporation.

4.4 *Resignation.* A member may resign at any time by delivering to the Secretary of the Corporation a written notice of such resignation signed by the member, which shall be included in the minutes or corporate records. A resignation shall not be effective before the date and time the Secretary actually receives written notice of it. A person's membership shall be terminated upon his or her death.

4.5 *Expulsion or Suspension.* A member may be expelled or suspended by the Board of Directors, but notice and an opportunity to be heard shall first be given to the member as set forth below, and the expulsion or suspension procedure shall be fair, reasonable and carried out in good faith:

(a) The member shall be given not less than fifteen (15) days' prior written notice of the expulsion or suspension, and the reason(s) therefore; and

(b) The member must be given the opportunity to be heard, orally or in writing, by the Board of Directors not less than five (5) days before the effective date of the expulsion or suspension.

For the purposes of this Section 4.5 only, any written notice given by mail shall be sent postage prepaid by first class United States mail or by certified United States mail, return receipt requested, and sent to the last address of the member shown on the corporation's records.

4.6 *Transfers and Encumbrances.* No member shall transfer, by operation of law or otherwise, or encumber in any way his or her membership or any right arising therefrom.

4.7 *Place.* All meetings of the members of the corporation shall be held at the principal office of the corporation, or at such other place as may be fixed by resolution of the Board of Directors.

4.8 *Annual Meetings.* The annual meeting of the members of the corporation shall be held at 7:00 p.m. on the second Monday of July of each and every year, if not a legal holiday, and if a legal holiday, then on the next succeeding business day, not a legal holiday. The Board of Directors may, however, by resolution, fix the date of the annual meeting on any day within the period of sixty (60) days next succeeding the foregoing date. At the annual meeting, the members shall elect Directors, receive reports on the activities and financial condition of the corporation, and transact such other business as may properly come before the meeting.

4.9 *Special Meetings.* The corporation shall hold a special meeting of its members upon the call of the Board of Directors or the President, or upon the written demand(s) to the Secretary by members holding at least ten (10%) percent of all votes entitled to be cast on any issue to be considered at the proposed special meeting. Any call or demand for a special meeting shall describe the purpose(s) for which the special meeting is to be held. Only business within the purpose(s) described in the meeting notice for the special meeting may be conducted at such meeting.

4.10 *Notice of Meetings.* The corporation shall notify its members of the date, time and place of each annual and special meeting of members no fewer than ten (10), nor more than forty-five (45) days before the meeting date. The notice of a meeting shall also contain such other information which may be required by these Bylaws.

4.11 *Waiver of Notice.* A member's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting unless the member at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice, unless the member objects to considering the matter when it is presented.

4.12 *Quorum.* Unless otherwise required by law, ten percent (10%) of the votes entitled to be cast on a matter must be represented at any meeting of the members to constitute a quorum on that matter. If, however, such quorum is not represented at any such meeting, the members present at the meeting in person or represented by proxy shall have the power to adjourn from time to time without notice other than announcement at the meeting, until the requisite quorum is present or represented, when any business may be transacted that might have been transacted at the meeting as provided in the original notice.

4.13 *Voting Requirements.* Except as otherwise provided in these Bylaws, the Charter or the Act, action on any matter voted upon at a meeting of the members is approved if a quorum exists and if the votes cast in favor of the action exceed the votes cast against the action. However, Directors shall be elected by a plurality of the votes cast by the members entitled to vote in the election at a meeting of the members at which a quorum is present.

4.14 *Action by Written Consent.* Action that is required or permitted to be taken at a meeting of the members may be taken without such a meeting if all members entitled to vote on the action consent to taking such action without a meeting. If all of such members so consent, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the members, except as otherwise provided in these Bylaws. Such consent (or counterpart(s) thereof) shall describe the action taken, be in writing, be signed by each member entitled to vote on the action, indicate each signing member's vote or abstention on the action, and be delivered to the Secretary of the corporation and included in the minutes or corporate records.

4.15 *Action by Written Ballot.* Any action that may be taken at any annual or special meeting of members may be taken without a meeting if the corporation delivers a written ballot to every member entitled to vote on the matter. The written ballot shall set forth each proposed action and shall provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall:

- (a) Indicate the number of responses needed to meet the quorum requirements;
- (b) State the percentage of approvals necessary to approve each matter other than election of Directors; and
- (c) Specify the time by which the ballot must be received by the corporation in order to be counted

ARTICLE 5

BOARD OF DIRECTORS

5.1 *Qualifications.* The affairs of the corporation shall be managed by a board of directors, each of whom shall be of legal age and must be a member in good standing of the corporation during his/her tenure as a director.

5.2 *Number.* There shall be seven (7) directors, each of whom shall have equal and full voting rights and responsibilities as a member of the board of directors.

5.3 *Election and Term.* Four directors shall be designated and three shall be appointed, as provided in the charter. Each director shall be entitled to one vote, and, except as otherwise provided in these bylaws or in the charter, the result of any matter before the board shall be determined by a majority of the votes cast. Each director shall hold office for such a term as provided in the charter.

ARTICLE 6

EXECUTIVE COMMITTEE

The board of directors may, by resolution adopted by a majority of the entire board, designate an executive committee to consist of three (3) or more of the directors, as the board may from time to time determine, and other committees, consisting of three (3) or more persons, and may delegate to such committee or committees all such authority of the board that it deems desirable, except that no such committee or committees, unless specifically so authorized by the board, shall have and exercise the authority of the board to adopt, amend or repeal the bylaws, or fill vacancies in any committee. Except as hereinabove provided, the executive committee shall have and may exercise, when the board is not in session, all the powers of the board of directors in the management of the business and affairs of the corporation. The board shall have the power at any time to change the membership of the executive committee, to fill vacancies in it or to dissolve it. The executive committee may make rules for the conduct of its business and may appoint such committees or assistants as it shall from time to time deem necessary. A majority of the members of the executive committee shall constitute a quorum.

ARTICLE 7

DIRECTOR MEETINGS

7.1 *Meetings of Board and Committees.* The board shall hold an annual meeting each year, without call, on the last Thursday in May, or such other date as the board may determine. By resolution, the board may establish a date or dates on which regular meetings of the board or any committee shall be held between annual meetings. A committee of the board may meet on the dates so established or, if none, on the date set at its previous meetings or when earlier called by its chairman or by a majority of its members. Special meetings of the board may be called at any time by the chairman of the board, the president, the secretary or any two directors.

7.2 *Place of Meetings.* Meetings of the board shall be held at any place, either within or without the State of Tennessee, that the board may from time to time appoint by resolution or, if no resolution is in force, at the principal office of the corporation, or at such other place as shall have been designated in the notice of the meeting.

7.3 *Notice Requirements.* Notice of annual and other regular meetings and of any special meeting, setting forth the place and the day and hour of the meeting, shall be given to each director, by any usual means of communication, not less than two days before the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting need be specified in the notice or any waiver of notice.

7.4 *Waiver of Notice.* Attendance of a director at a meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Whenever the board or any committee of the board is authorized to take any action after notice to any person or persons, or the lapse of a prescribed period of time, the action may be taken without such requirements if at any time before or after the action is completed the person or persons entitled to such notice or entitled to participate in the action to be taken submit a signed waiver of notice or of such requirement.

7.5 *Quorum.* At all meetings of the board, a majority of the number of directors then in office shall constitute a quorum for the transaction of business. The presence of a majority of the membership of a committee of the board shall be required for the transaction of business. Except with respect to indemnification proceedings, common or interested directors may always be counted in determining the presence of a quorum at a meeting of the board or of a committee which authorizes, approves or ratifies a transaction of the corporation. Once a quorum is present to organize a meeting, it is not broken by the subsequent withdrawal of any of those present. A meeting may be adjourned despite the absence of a quorum.

7.6 *Voting.* Except as otherwise provided in these bylaws or in the charter, the vote of a majority of the members present at a meeting at which a quorum is present shall be the act of the board or any committee.

7.7 *Presumption of Assent.* A director who is present at a meeting of the board, or any committee thereof, shall be presumed to have concurred in any action taken at the meeting, unless his dissent to such action shall be entered in the minutes of the meeting or unless he shall submit his written dissent to the person acting as the secretary of the meeting before the adjournment of the meeting or shall deliver or send such dissent by registered or certified mail to the secretary of the corporation promptly after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action. A director who is absent from a meeting of the board, or any committee thereof, at which such action is taken shall be presumed to have concurred in the action unless he shall deliver or send by registered or certified mail his dissent to such action to the secretary of the corporation or shall cause such dissent to be filed with the minutes of the proceedings of the board or committee within a reasonable time after learning of such action.

7.8 *Action by Consent.* Directors may take any action which they are required or permitted to take without a meeting on written consent, setting forth the action so taken, signed by all of the directors.

7.9 *Telephone Meetings.* Participation by members of the board or any committee designated by the board in any meeting of the board or committee shall be permitted by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting pursuant to this Paragraph 7.9 shall constitute presence in person at such meeting. The directors shall be promptly furnished a copy of the minutes of the meeting held under this paragraph.

7.10 *Vacancy.* If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors or a vacancy resulting from a removal of a Director with or without cause:

- (a) The members may fill the vacancy;
- (b) The Board of Directors may fill the vacancy; or
- (c) If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all Directors remaining in office.

7.11 *Removal of Directors.* The members may remove any one (1) or more Directors, with or without cause, at any special meeting that is specifically called for that purpose with the Director being provided with seven (7) days' written notice.

ARTICLE 8

OFFICERS

8.1 *Title of Officers.* The corporation shall have a president, a vice president, a secretary, a treasurer, and such other officers as are elected, each of whom shall be of legal age and must be a member in good standing of the corporation during his/her tenure as an officer. One person may be elected to more than one office, except that the offices of president and secretary may not be held by the same person.

8.2. *Powers and Duties of Officers.* The powers and duties of the officers of the corporation shall be as follows:

(a) *President.* The President shall be the Chief Executive Officer of the corporation, shall have general and active management of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect, subject, however, to the right of the Board of Directors to delegate any specific powers, unless exclusively conferred upon the President by law, to any other officer(s) of the corporation. The President shall also report on the activities and financial condition of the corporation at all annual meetings of the members.

(b) *Vice President.* The Vice President shall have such powers and perform such duties as may be assigned to him or her by the Board of Directors or the President. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President. The Vice President may sign and execute contracts and other obligations pertaining to the regular course of his or her duties.

(c) *Secretary.* The Secretary shall attend all meetings of the Board of Directors and of the members of the Corporation and shall be responsible for preparing the minutes of such meetings. The Secretary shall be responsible for the care and custody of the minute book of the Corporation and for authenticating records of the Corporation. It shall be his or her duty to give or cause to be given notice of all meetings of the members and of the Board of Directors. The Secretary shall also perform such other duties as may be assigned to him or her by the Board of Directors or by the President, under whose supervision he or she shall act. In the event the Secretary is absent for some reason from any meeting where minutes are to be prepared or is otherwise unable to take such minutes, the presiding officer of such meeting shall appoint another person, subject to the approval of those present and entitled to vote at such meeting, to take the minutes thereof.

(d) *Treasurer.* The Treasurer shall have custody of the corporation funds and securities, shall keep full and accurate account of receipts and disbursements in the appropriate corporation books, and shall require the deposit of all monies and other valuable assets in the name of and to the credit of the corporation in such financial institutions as may be designated by the Board of Directors. The Treasurer shall require disbursement of the funds of the corporation as may be ordered by the Board of Directors, and shall render to the President and the Board of Directors, at any time they may require, an account of his or her transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall also report on the activities and financial condition of the corporation at all annual meetings of the members.

8.3 *Election.* All officers shall be elected or appointed at the annual meeting of the members.

8.4 *Term of Office.* The officers of the corporation shall be elected for terms of one year. Each officer shall hold office until the expiration of the term for which he is elected and thereafter until his successor has been elected or appointed and qualified.

8.5 *Removal.* Any officer may be removed by the vote of a majority of the entire members, with or without cause, whenever in its judgment the best interests of the corporation will be served thereby.

8.6 *Chairman of the Board.* The chairman of the board, if one is elected, may if so determined by the board be the chief executive officer of the corporation, and may if so determined by the board be considered an officer of the corporation for purposes of these bylaws and for all other purposes. The chairman of the board shall be of legal age and must be a member in good standing of the corporation during his/her tenure as a chairman.

8.7 *Duties.* All officers as between themselves and the corporation shall have such authority and perform such duties in the management of the corporation, in addition to those described in these bylaws, as usually appertain to such officers of corporations not for profit, except as may be otherwise prescribed by the board.

ARTICLE 9

DUTIES AS TO THE FUNDS OF THE CORPORATION

9.1 *Disbursements.* Disbursements from the income or from the assets of the corporation for uses and purposes consistent with the objects and purposes of the corporation as outlined in the charter and these bylaws, shall be made on the order of the board of directors.

9.2 *Contributions.* Any contribution to the corporation through any means whatsoever shall not be complete until accepted by the corporation through action of the board of directors, and the board shall have full authority to reject or refuse to accept any contribution for any reason deemed adequate or sufficient to the board, including but not limited to the specification of a use of, or a restriction on the use of, any contribution which conflicts with the purposes of the corporation, its tax-exempt status, or its status as a public charity.

9.3 *Restricted Gifts.* Notwithstanding any provision in these bylaws to the contrary, the board of directors shall at all times be governed in the expenditure of any fund or funds or other property by any terms of restriction or direction which may be contained in any instrument under which the said property may be received and accepted by the corporation so long as said directions or restrictions are consistent with the donor's purpose in specifying them and are compatible with the corporation's purposes, its tax-exempt status, and its status as a public charity. If at any time it shall appear to the board that circumstances have so changed as to make unnecessary, undesirable, impractical or impossible a literal compliance with the expressed desire of a donor or testator, it may take such steps as it deems necessary to direct the application of any such funds to such other educational, charitable, literary or religious purposes of a public nature, or others of a similar nature recognized by the federal government as entitled to tax exemption, as in its judgment will to the extent possible carry out the purposes of such donor or testator.

9.4 *Management of Assets.* Any fund or funds or assets of any kind or nature whatsoever which may be acquired by the corporation from any source whatsoever may be transferred by the board of directors for the purpose of management and investment to any bank or banks in the State of Tennessee, having trust powers and active in the acceptance and management of trusts.

9.5 *Agency Relationship.* Any transfer of any asset of this corporation made to any of such banks shall vest legal title to any such asset in the said transferee bank, as agent of and custodian for the corporation, nevertheless, for the sole purpose of management and investment subject to the approval of the board and any income thereon shall be income of this corporation. The board may enter into an agency agreement with each such bank, giving each of them such powers and duties pertaining to the assets so held by it as may be deemed proper and consistent with the purposes of the corporation by the board of directors, and agreed to by said bank.

9.6 *Authority.* The board may authorize any officer or agent of the corporation by resolution to enter into any contract or execute and deliver any instrument in the name of the corporation, and no officer, agent or employee shall have any power or authority to bind the corporation by any contract or

engagement, or to pledge its credit or to render it liable pecuniary for any amount, without such authorization.

9.7 *Depositories.* All funds of the corporation shall be deposited to its credit in such depository or depositories as the board may designate, and for the purpose of such deposits, any person or person to whom such power is delegated by resolution of the board may endorse, assign, and deposit checks, drafts and other orders for the payment of funds payable to the order of the corporation. All checks, drafts or other orders for the payment of money issued by the corporation shall be signed by such person or persons as may from time to time be designated by the board.

ARTICLE 10

MISCELLANEOUS

10.1 *Seal.* The corporation shall have no corporate seal.

10.2 *Stock in Other Companies.* In the absence of other arrangement by the board, the president of the corporation may vote, endorse for transfer or take any other action necessary with respect to shares of stock and securities issued by any other corporation and owned by this corporation; and he may make, execute and deliver any proxy, waiver or consent with respect thereto.

10.3 *Indemnification of Directors and Officers.* Any director or officer, or his executor or administrator, shall be entitled to indemnification in accordance with and to the fullest extent allowable by Sections 48-58-501 through 48-58-509 of the Tennessee Nonprofit Corporation Act.

10.4 *Fiscal Year.* The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

10.5 *Notices.* Whenever notice is required to be given to members, Directors or officers, unless otherwise provided by law, the Charter or these Bylaws, such notice may be given in person, teletype or other form of wire or wireless communication, or by telephone, telegraph, mail or private carrier. If such notice is given by mail, it shall be sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address that appears for each such person on the books of the corporation. Written notice sent by mail to members shall be deemed to have been given when it is mailed. Any other written notice shall be deemed to have been given at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail if sent first class, postage prepaid; or

(c) On the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, postage prepaid, and the receipt is signed by or on behalf of the addressee.

10.6 *Waiver of Notice.* Whenever any notice is required to be given under the provisions of any statute, or of the Charter or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the corporation and included in the minutes or corporate records, shall be deemed equivalent thereto.

10.7 *Corporate Records.* The corporation shall keep as permanent records minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or Board of Directors without a meeting, appropriate accounting records, and a list of its members in alphabetical order by class showing their respective addresses and the number of votes each member is entitled to vote.

10.8 *Records at Principal Office.* The corporation shall keep at all times a copy of the following records at its principal office:

- (a) Its Charter or Restated Charter and all amendments thereto;
- (b) These Bylaws and all amendments thereto;
- (c) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;
- (d) The minutes of all meetings of members and the records of all actions taken by members without a meeting for the past three (3) years;
- (e) All written communications to members generally within the past three (3) years, including the past three (3) years' annual financial statements;
- (f) A list of the names and business or home addresses of its current Directors and officers; and
- (g) The most recent annual report delivered to the Tennessee Secretary of State.

10.9 *Annual Financial Statements.* The corporation shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the Act.

ARTICLE 11

AMENDMENT

11.1 *By Members.* The Members may amend or repeal these Bylaws at any annual or special meeting of the members where a quorum is present, provided that the notice of such meeting shall state that the purpose, or one (1) of the purposes, of the meeting is to amend the Bylaws and shall also contain a description of the amendment to be considered. An amendment to these Bylaws must be approved by the members by the lesser of: (a) two-thirds (2/3) of the votes cast, or (b) a majority of the total number of votes entitled to be cast. These Bylaws may also be amended by the members without a meeting in the same manner as provided therefore herein, except that such action to amend must be by: (a) two-thirds (2/3) of the votes cast, or (b) a majority of the total number of votes entitled to be cast, whichever is less.

11.2 *By Board of Directors.* By a majority vote of the Directors then in office, the Board of Directors may amend these Bylaws, including bylaws adopted by the members, at any regular or special meeting of the Board of Directors where a quorum is present, provided that such meeting is preceded by at least two (2) days' notice to each Director of the date, time and place of the meeting. Such notice shall also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws, and shall contain or be accompanied by a copy or summary of the proposed amendment or state the general nature thereof. These Bylaws may also be amended by the Directors without a meeting in the same manner as provided therefore herein, except that such action to amend must be by a majority vote of the Directors then in office.

Secretary