

BY-LAWS

THE RIDGES PROPERTY OWNERS' ASSOCIATION

(A Tennessee Nonprofit Corporation)

Prepared by: the Board of Directors of the Ridges Property Owners Association for the year 2021

Approved at Ridges POA Board Meeting 8/31/2021

ARTICLE I
DEFINITIONS

The following words, when used herein, shall have the following meanings:

1.01 "*Association*" means The Ridges Property Owners' Association, a Tennessee nonprofit corporation, its successors, and assigns, which has as its members all owners of lots, condominium units, and other dwellings in the Property.

1.02 "*Board*" means the Association's Board of Directors.

1.03 "*Consumer Price Index*" or "CPI" means the Consumer Price Index for all Urban Consumers, U.S. City Average (1967 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics.

1.04 "*Declaration*" means the Declaration of Restrictions, Easements, Covenants, Conditions, Assessments, and Liens for "The Ridges" and any subsequent amendments or supplements thereto.

1.05 "*Developer*" means GolfTenn LLC, its successors, and assigns.

1.06 "*Golf and Country Club*" means The Blackthorn Club, LLC facilities developed by the Developer as a private membership club on property adjacent to the Property.

1.07 "*Lot*" or "*Single-Family Lot*" means any numbered lot within the Property designated by the Developer as a Single-Family Lot, meaning only one residence, designed to house a single family, shall be constructed thereon, as shown on the Plat(s) (as hereinafter defined).

1.08 "*Lot Owner*" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.09 "*Open Area*" means real property and improvements thereon owned or leased by the Association, or in which it holds possession or use rights, for the common use and enjoyment of the Lot Owners or Unit Owners as set forth on the Plat.

1.10 "*Plat*" means the subdivision plats of The Ridges as approved by the Johnson City Regional Planning Commission and as recorded in the Register's Office for Washington County, Tennessee, which depict the boundaries of residential lots.

1.11 "*Property*" means the real property known as "The Ridges" and consisting of 556.4358 acres shown as Parcel 1 on the Plat Map recorded in Plat Book 13, Page 80 of the Washington County Tennessee, Register of Deeds Office, and such adjacent parcels as Developer may develop as part of the

overall plan for The Ridges, less and except the portion of the same set aside for the Golf and Country Club.

1.12 “*Unit*” means a condominium unit or other dwelling, (however designated, such as a “zero lot line residence”, a “patio home”, or a “cluster home”) other than dwellings constructed on Lots, developed within the Property in areas designated for such development.

1.13 “*Unit Owner*” means the record owner, whether one or more persons or entities, of fee simple title to any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE II FUNCTION OF ASSOCIATION

The Association shall be the entity responsible for the management, maintenance, operation, and control of the Open Areas, together with those matters which by the terms of the Declaration, any supplemental declaration or other applicable covenants, contract, or agreement become the responsibility of the Association. The Association shall be the primary entity responsible for enforcement of the Declaration and such reasonable rules regulating the use of the Property as its Board may adopt. The Association shall perform its functions in accordance with the Declaration, its Charter and Bylaws, and the laws of the state of Tennessee.

ARTICLE III OFFICES

The principal office of The Ridges Property Owners' Association, hereinafter referred to as the Association, shall be located at The Blackthorn Club, 1501 Ridges Club Drive, Jonesborough, Washington County, Tennessee, 37659. The Association may have such other offices, either within or without the State of Tennessee, as the Board may designate or as the business of the Association may from time to time require. TCA § 48-51-201(27) and 48-52-102(a)(6).

ARTICLE IV MEMBERS; VOTING

4.01 MEMBERSHIP REQUIRED. Every Lot Owner and Unit Owner shall be a member of the Association. If a Lot or Unit is owned by more than one person, all co-owners may share the privileges of such membership, subject to reasonable regulation by the Association's Board and subject to the restrictions on voting set forth in Section 4.02 hereof, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Lot Owners and Unit Owners. The membership rights and privileges of a Lot Owner or Unit Owner who is a natural person may be exercised by such Owner or such Owner's spouse. The membership rights and privileges of a Lot Owner or Unit Owner which is a corporation, partnership, or other legal entity may be exercised by any officer, director, partner, or trustee or by the individual designated from time to time by the Lot Owner or Unit Owner in

a written instrument provided to the Association. This membership requirement shall be a perpetual burden or charge against each Lot.

4.02 VOTING. Members shall all be Lot Owners or Unit Owners and shall be entitled to one vote for each Lot or Unit owned. When more than one person holds an ownership interest in any Lot or Unit, all such persons shall be members. The one vote for such Lot or Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot or Unit. Should the Owners not be able to unanimously agree on how the vote shall be cast, the Association shall ignore the vote but count it for the quorum.

4.03 ANNUAL MEETINGS. An annual meeting of the members shall be held on the third Tuesday of February in each year at 7:00 o'clock P.M. or within fourteen (14) days as determined by the Board of Directors. Annual membership meetings shall be held at the time and place specified in the notice of such meeting, but such place shall be within fifteen (15) miles of the Property. At the annual meeting, the president and secretary/treasurer shall report on the activities and financial condition of the Association; and the members shall consider and act upon such other matters as may be raised consistent with the notice requirements. The failure to hold an annual meeting at a time stated in or fixed in accordance with the Association's Bylaws does not affect the validity of any corporate action.

Tenn. Code Ann. § 48-57-101

4.04 SPECIAL MEETING. The Association shall hold a special meeting of members on call of its board of directors or, if the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Association's secretary one (1) or more written demands for the meeting describing the purpose or purposes for which it is to be held. The record date for determining the members entitled to demand a special meeting is the date the first member signs the demand. If a notice for a special meeting demanded under this section is not given within one (1) month after the effective date of the written demand or demands, any person or persons signing the demand or demands may set the time and place of the meeting and give notice pursuant to these Bylaws. Special meetings of the members may be held at the place designated in the notice, but such place shall be within fifteen (15) miles of the Property. Only business within the purpose or purposes described in the meeting notice may be conducted at a special meeting of members.

Tenn. Code Ann. § 48-57-102

4.05 ACTION BY WRITTEN CONSENT. Action required or permitted to be taken at a meeting of members may be taken without a meeting if all members who are entitled to vote on the action consent in writing to taking such action without a meeting. If all members who are entitled to vote on the action consent in writing to take such action without a meeting, 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. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each member entitled to vote on the action in one (1) or more counterparts, indicating each signing member's vote or abstention on the action and delivered to the Association for the inclusion in the minutes or filing with the corporate records. The record date for determining whether members are entitled to take such action without a meeting is the date the first member signs the consent. A consent

signed under the section has the effect of a meeting vote and may be described as such in any document.
Tenn. Code Ann. § 48-57-104

4.06 NOTICE OF MEETING.

(a) The Association shall give notice to the members of the place, date, and time of each annual and special meeting of members no fewer than ten (10) days nor more than two (2) months before the meeting date. Notice of an annual meeting shall include a description of any matter or matters which must be approved by the members under Tenn. Code Ann. § 48-58-302. Conflicts of interest: § 48-58-507. Indemnification of officers, employees, and agents: § 48-60-103. Members of the board of directors; §48-60-202. Members of the board of directors; § 48-61-103. Approval of plan; §48-62-102. Other than in the regular course of activities; or § 48-64-102. Dissolution by members. Notice of a special meeting shall include a description of the matter or matters for which the meeting is called. Unless the bylaws require otherwise, if an annual or special meeting of members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is fixed, however, a notice of the adjourned meeting must be given under this section to the members of record of the new record date. When giving notice of an annual or special meeting of members, the Association shall give notice of a matter a member intends to raise at the meeting if:

- (1) requested in writing to do so by a person entitled to call a special meeting,
- (2) and the request is received by the secretary or president of the Association at least ten (10) days before the Association gives notice of the meeting. Tenn. Code Ann. § 48-57-105

(b) Notice of an annual meeting shall include a request of the membership for owners who would be willing to run and serve on the Board of Directors if elected.

(c) The annual meeting shall be an informational meeting but if any voting is to occur it will be conducted using Robert's Rules of Order.

4.07 WAIVER OF NOTICE. A member may waive any notice before or after the date and time stated in the notice. The waiver must be in writing, be signed by the member entitled to the notice, and be delivered to the Association for inclusion in the minutes or filing with the corporate records. A member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the member is at the beginning of the meeting promptly upon the member's arrival) objects to holding the meeting or transacting business at the meeting; and a member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the member objects to considering the matter when it is presented. Tenn. Code Ann. § 48-57-106

4.08 RECORD DATE. The board may fix future dates as the record dates for determining members who are entitled to notice of a meeting, members who are entitled to vote at a meeting, and members who are entitled to exercise any rights in respect of any other lawful action. If no such record date is fixed, the record date shall be the close of business on the business day preceding the day on which notice is given, the date of the meeting, or the close of business on the day on which the board adopts the resolution relating to the exercise of rights, as the case may be. The board must fix a new date for determining the right to notice or the right to vote if a meeting is adjourned to a date more than four (4) months after the

record date for determining members entitled to notice of the original meeting. A record date fixed under this section may not be more than seventy (70) days before the meeting or action requiring a determination of members occurs. Tenn. Code Ann, § 48-57-107

4.09 ACTION BY WRITTEN BALLOT. Any action taken at any annual or special meeting of members may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter. A written ballot shall set forth each proposed action; and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot constitutes a majority of the Unit Owners. A written ballot may not be revoked. Tenn. Code Ann. § 48-57-108

4.10 SOLICITATIONS. All solicitations for votes by written ballot shall:

- (1) Indicate the number of responses needed to meet the quorum requirements;
 - (2) State the percentage of approvals necessary to approve each matter other than the election of directors; and
 - (3) Specify the time by which a ballot must be received by the Association in order to be counted.
- Tenn. Code Ann. § 48-57-108(d)

4.11 MEMBERS' LIST FOR MEETING. After fixing a record date for a notice of a meeting, the Association shall prepare an alphabetical list of The names of all its members who are entitled to notice of a meeting, The list must show the address and number of votes each member is entitled to vote at the meeting. The Association shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. Tenn. Code Ann. § 48-57-201(a)

4.12 INSPECTION OF MEMBER'S LIST. The list of members must be available for inspection by any member for the purpose of communication with other members concerning the meeting, beginning two (2) business days after the notice is given of the meeting for which the list was prepared and continuing through the meeting, at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A member, a member's agent, or attorney is entitled on written demand to inspect and, subject to the limitations of Tenn. Code Ann. §§ 48-66-102(c) and 48-66-105, to copy the list, at a reasonable time and at the member's expense during the period it is available for inspection. The Association shall make the list of members available at the meeting, and any member, a member's agent, or an attorney is entitled to inspect the list at any time during the meeting or any adjournment. Tenn. Code Ann. § 48-57-201 (b) and (c)

4.13 QUORUM REQUIREMENTS. Ten percent (10%) of the votes entitled to be cast on a matter must be represented at a meeting of members to constitute a quorum on that matter. When a quorum is once present to organize a meeting, a meeting may be adjourned despite the absence of a quorum caused by the subsequent withdrawal of any of those present. Tenn. Code Ann. § 48-57-203. If the required quorum is not present, another meeting may be called subject to the same notice requirement. No such subsequent meeting shall be more than sixty (60) days following the preceding meeting.

4.14 PROXIES. A member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by an attorney-in-fact. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless a different period is expressly provided in the appointment form. Tenn. Code Ann. § 48-57-205(a) and (b)

4.15 DEATH OF MEMBER APPOINTING PROXY. The death or incapacity of the member appointing the proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment. Tenn. Code Ann. § 48-57-205(d)

ARTICLE V COVENANT TO PAY MAINTENANCE ASSESSMENTS AND FINES

5.01 PERSONAL OBLIGATION FOR ASSESSMENTS AND FINES, AND CREATION OF THE LIEN. Each Lot Owner and Unit Owner other than the Developer, by acceptance of a deed, therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (1) an assessment of Twenty-Five Dollars (\$25) to be paid at the closing of the purchase of a Lot or Unit;
- (2) annual assessments; and
- (3) special assessments for capital improvements, all of such assessments to be established and collected as herein provided.

The Developer, for each Lot or Unit, owned, hereby covenants to pay annual and special assessments to the Association. The assessment at closing, annual, and special assessments, together with interest and all costs of collection, including, but not limited to, reasonable attorney's fees incurred by the Association, shall also be the personal obligation of the Lot Owner and Unit Owner at the date of the assessment. The personal obligation for delinquent assessments shall not pass to a Lot Owner's or Unit Owner's successors in title unless expressly assumed by them but the lien shall continue. The assessment at closing, annual and special assessments, together with interest and costs of collection, including, but not limited to, reasonable attorney's fees, shall be a charge on the Lot or Unit and shall be a continuing lien from the date of assessment by the Association until paid upon the Lot or Unit against which each assessment is made.

5.02 PURPOSE OF ASSESSMENTS AND FINES. The assessments and fines levied by the Association shall be used generally as follows:

- (a) *Promote Welfare.* To promote the recreation, health, safety, and welfare of the Lot Owners and Unit Owners;
- (b) *Maintain an Open Area.* To provide for the maintenance of the Open Area;
- (c) *Pay Fees.* To pay the fees of a management agent the Association may employ to manage the affairs of the Association; and

(d) *Pay Expenses.* To pay other reasonable and necessary expenses of the Association.

5.03 MAXIMUM ANNUAL ASSESSMENTS

- (a) *Until January 1, 2021.* Until January 1, 2021, the maximum annual assessment shall be Two Hundred Seventy-Five Dollars (\$275.00) per Lot or Unit, payable in full or in such installments as the Board may determine, except there shall be no limit on the special assessments against a particular Lot Owner and Lot or Unit Owner and Unit for maintenance of that Lot or Unit.
- (b) *After January 1, 2021.* On and after January 1, 2021, the maximum annual assessment for Lots and Units may be increased by the Board, and without a vote of the Association membership, each year only by an amount that is not more than ten percent (10%) of the assessment for the previous year. Annual assessments need not be the same for Lots and Units after January 1, 2021.

5.04 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment in order to pay for, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Open Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two thirds ($\frac{2}{3}$) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

5.05 NOTICE AND QUORUM ACTION AUTHORIZED UNDER 5.03 AND 5.04. Written notice of a meeting called for the purpose of taking any action authorized under 5.03 and 5.04 of this Article or Section 6.05 of the Declaration shall be sent, pursuant to the Tennessee Nonprofit Corporation Act TCA § 48-51-101 et seq., to all members (determined as of a date set by the Board which date is not less than ten (10) days nor more than two (2) months in advance of the meeting.) At the first such meeting of members called the presence of members or proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting, but at least ten percent (10%) of the votes entitled to be cast. No such subsequent meeting shall be more than sixty (60) days following the preceding meeting.

5.06 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The assessments provided for herein shall commence on January 1, 1997, and shall be for the calendar year. The Board shall fix the amount of the annual calendar year assessment against each Lot or Unit by December 1 of the preceding year. Written notice of the annual assessment shall be sent to every Lot Owner of Unit Owner subject thereto. The due date or dates shall be established by the Board.

5.07 CERTIFICATION OF PAYMENT. The Association shall, upon demand, and upon receipt of a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot or Unit have been paid and if not, the amount due thereon. A properly executed certificate of the Association as to the status of assessments on a Lot or Unit is binding upon the Association as of the date of its issuance.

5.08 EFFECT OF NON-PAYMENT OF ASSESSMENTS AND FINES: REMEDIES OF THE ASSOCIATION. Any assessment or fine not paid within thirty (30) days after the due date shall be subject to a reasonable late charge in an amount to be established by the Board and shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Lot Owner or Unit Owner personally obligated to pay the same, plus any associated POA attorney's fees, and foreclose the lien against the Lot or Unit, or both, which foreclosure shall be in the same manner as is provided by TCA § 36-5-101 et seq. for foreclosure of deeds of trust, with the President and Vice-President of the Association, whoever he or she may be at the time of the foreclosure action, being hereby designated as the Trustee to conduct such sale and so serve. Each Lot Owner and each Unit Owner is hereby deemed to have conveyed to the President and the Vice President of the Association his or her interest in Lot or Unit for the purposes of securing these liens simultaneously with their acquisition of title. As such officers are elected, they shall be deemed to be successor trustees under these trust provisions. When each assessment lien is paid in full, the conveyance shall be deemed to be void as to such assessment, but shall, nevertheless, continue as to future assessments so long as such Lots or Units are subject to Declaration. No Lot Owner or Unit Owner may disclaim or otherwise escape liability for the assessments provided for herein by non-use of Common Area.

5.09 SUBORDINATION OF THE LIEN TO CERTAIN MORTGAGES. The lien of the assessments on any lot or Unit provided for herein shall be subordinate to the lien of any mortgage or deed of trust now or hereafter placed on the Lot or Unit and held by a bona fide holder. The sale or transfer of any Lot or Unit pursuant to a bona fide mortgage or deed of trust foreclosure or any bona fide proceeding in lieu thereof shall extinguish the lien of such assessments as to payments that became due prior to such sale or transfer. No such foreclosure sale or transfer shall relieve such Lot or Unit from liability for any assessments thereafter becoming due or from the lien thereof or relieve the transferring owner from his, her, or its personal liability for the unpaid assessments at the time of such transfer.

ARTICLE VI BOARD OF DIRECTORS

6.01 GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, the Board. The business and affairs of the Association shall be managed under the direction of the Board. TCA § 48-58-101

6.02 NUMBER, TENURE AND QUALIFICATIONS. There shall be seven (7) directors. Directors are elected at the annual meeting for a three-year term. The Board may decide to stagger the terms so that only a portion of the Directors may be elected at the annual membership meeting. Directors must be natural persons who are 18 years of age or older but need not be residents of the state but must be a member of the Association.

6.03 RESIGNATION. A director may resign at any time by delivering written notice to the chairman if the Board elects a chairman, the president, or the secretary. The resignation shall be effective when it is delivered unless the notice specifies a later effective date. TCA § 48-58-107

6.04 REMOVAL OF DIRECTOR. The members may remove a director with or without cause. "Cause" may be determined by the members but it must be a substantial matter affecting the director's ability to serve effectively. A director may be removed only at a meeting called for the purpose of removing the director and the meeting notice must state the purpose or one of the purposes of the meeting is the removal of the director. TCA § 48-58-108

6.05 VACANCY. If a vacancy occurs on the Board, the directors may fill the vacancy. Even 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 the directors remaining in office. TCA § 48-58-111.

6.06 COMPENSATION. The Board and officers shall serve without compensation but shall be entitled to reimbursement of reasonable expenses incurred in the performance of their duties. TCA § 48-58-112.

6.07 REGULAR MEETINGS. A regular meeting of the directors shall be held within 10 days following the Annual Meeting of Members and at a location within 15 miles of the Principal Office of the Association for the purpose of electing officers of the Board and the Association. The directors may provide, by resolution, the date, time, and place for the holding of additional regular meetings, at least quarterly, meetings with at least 2 days' notice. Tenn. Code Ann. §§ 48-58-201 and 203.

6.08 SPECIAL MEETINGS. Special meetings of the directors may be called by the chairman if a chairman has been appointed, the president, or any two (2) directors. The person or persons authorized to call special meetings of the directors may fix the date, time, and place for the said special meeting but the place shall be within 15 miles of the principal office of the Association. TCA § 48-58-201.

6.09 NOTICE.

- (a) Special Meetings. Special meetings of the Board must be preceded by at least ten (10) days' notice to each director of the date, time, place, and purpose of the meeting.
- (b) Adjourned Meetings. Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed one (1) month in any one (1) adjournment. TCA § 48-58-203.

6.10 WAIVER OF NOTICE. A director may waive any notice required before or after the date and time stated in the notice. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. A director's attendance at, or participation in, a meeting waives any required notice of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. TCA § 48-58-204.

6.11 CONFERENCE MEETINGS. The Board may permit any or all directors to participate in a regular or special meeting by any means of communication by which all directors participating may simultaneously hear each other during the meeting. The entire meeting may be conducted through such

means. A director participating in a meeting by this means is deemed to be present in person at the meeting. TCA § 48-58-201.

6.12 QUORUM AND VOTING.

- (a) Quorum. A quorum of the Board consists of a majority of the directors in office immediately before a meeting begins. In no event may the quorum be fewer than two (2) directors.
- (b) Voting. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present constitutes the act of the Board. A director who is present at a meeting when corporate action is taken is deemed to have assented to the action unless:
 - (i) The director objects at the beginning of the meeting, or promptly upon his arrival, to holding the meeting or transacting business at the meeting; or
 - (ii) the director dissents or abstains from the action taken which dissent or abstention is entered in the minutes of the meeting; or
 - (iii) the director delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the secretary immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. TCA § 48-58-205.

6.13 COMMITTEES. The Board may create one or more committees, which may consist of one or more members. All committees serve at the pleasure of the Board. Each committee may exercise the authority of the Board as authorized by the Board except that a committee may not take action prohibited by TCA § 48-58-206(a) which deals with (1) distributions, (2) dissolution, merger, sale, pledge, or transfer of substantially all of the Association's assets, (3) removal of directors or filling vacancies; and (4) adopting, amending or repealing the charter or bylaws. TCA § 48-58-206.

6.14 INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at a Board meeting may be taken without a meeting. If all directors consent to take such action without a meeting, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting is the act of the Board. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. Such action is effective when the last director signs the consent unless the consent specifies a different effective date. TCA § 48-58-202.

6.15 GENERAL STANDARDS OF CONDUCT. A director shall discharge his or her duties as a director, including his or her duties as a member of a committee, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner, he or she reasonably believes to be in the best interest of the Association. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data if prepared or presented by:

- (a) One or more officers or employees of the Association whom the director reasonably believes to be reliable and competent in the matters presented;
- (b) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or

(c) A committee of the Board of which he is not a member if the director reasonably believes the committee merits confidence. TCA § 48-58-301.

6.16 STANDING RULES (POLICIES). A standing rule or policy of the Board is defined as a definite course or method of action selected to guide and determine present and future decisions of the Association. Officers shall follow standing rules or policies in carrying out their duties in conducting the business and affairs of the Association. Standing rules or policies may be enacted only when approved at two consecutive meetings of the Board. Thereafter, changes in, additions to, or deletions from, standing rules or policies may be accomplished only by an affirmative vote of two consecutive meetings of the Board. The Board may suspend, for a set period of time not exceeding thirty (30) days, any standing rule or policy, but only upon three-fourths (3/4) vote of those present.

ARTICLE VII OFFICERS

7.01 NUMBER. The officers of the Association shall be a president and a secretary, each of whom shall be a member of the Board of Directors and appointed by the Board. The directors may, but are not required to appoint a chairman, a vice-president, and a treasurer. They may appoint a combined secretary-treasurer. Such other officers and assistant officers as may be deemed necessary may be appointed by the directors. TCA § 48-58-401.

7.02 APPOINTMENT AND TERM OF OFFICE. The officers of the Association to be appointed by the directors shall be appointed annually at the annual meeting of the directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until he or she shall resign or shall have been removed in the manner hereinafter provided.

The Board may authorize any duly appointed officer to appoint one or more officers or assistant officers. The appointment of an officer does not itself create contract rights, TCA § 48-58-401 and 405.

7.03 REMOVAL. Any officer or agent appointed by the directors may be removed by the directors whenever in their judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. TCA § 48-58-404 and 405.

7.04 RESIGNATION. An officer may resign at any time by delivering notice to the president or secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if it provides that the successor does not take office until the effective date. An officer's resignation does not affect the Association's contract rights, if any, with the officer. TCA § 48-58-404 and 405.

7.05 CHAIRMAN. The chairman, if someone other than the president, shall preside at all meetings of the directors. The chairman shall have such duties as the Board may, from time to time, designate. TCA § 48-58-402.

7.06 PRESIDENT. The president shall be the chief executive officer of the Association and, subject to the control of the directors, shall, in general, supervise and control all of the business affairs of the Association. The president shall, when present, preside at all meetings of directors unless someone other than the president is appointed as chairman of the Board in which case the Chairman shall preside. The president may sign, with the secretary or any other proper officer of the Association thereunto authorized by the directors, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or execute, and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the directors from time to time. TCA § 48-58-402.

7.07 VICE-PRESIDENT. In the absence of the president or in the event of his or her death, inability or refusal to act, the vice-president, if appointed by the Board, shall perform the duties of the president, and when so acting, shall have all the powers of, and be subject to, all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.08 SECRETARY. The secretary shall keep the minutes of the directors' and members' meetings in one or more books provided for that purpose. see that all notices are duly given in accordance with the provisions of these bylaws or as required, be the custodian of the corporate records and of the seal of the Association and keep a register of the post office address of each director which shall be furnished to the secretary by such director, and in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.09 TREASURER. If required by the directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the directors shall determine. The treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such money in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these bylaws and in general, perform of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.10 STANDARD OF CONDUCT.

- (a) An officer with discretionary authority shall discharge all duties under that authority;
 - (1) In good faith

- (2) With the care, an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (3) In a manner that the officer reasonably believes to be in the best interests of the corporation.
- (b) In discharging such duties, an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
- (1) One (1) or more officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or
 - (2) Legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within a person's professional or expert competence.
- (c) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.
- (d) An officer is not liable for any action taken as an officer or any failure to take any action if the officer performed the duties of the office in compliance with this section. TCA § 48-58-403.

ARTICLE VIII INSURANCE

8.01 OPEN AREA. The Association acting through the Board or duly authorized agent shall keep in force and maintain such liability and other insurance as it shall deem necessary relating to the Open Area. The Association may also insure any other property, whether real or personally owned by the Association, against such hazards as may be deemed desirable by the Association. Premiums for all insurance carried by the Association shall be part of the expenses covered by the annual assessments of the Association.

8.02 LOTS AND UNITS. Insurance against damage by fire or another casualty to the improvements on any Lot or any Unit, liability insurance with respect to occurrences on any Lot or Unit, and other insurance relating to each Lot or Unit shall be the responsibility of the individual Lot Owners and Unit Owners.

8.03 FIDELITY BONDS.

- (a) *Association Agents.* Fidelity bonds may be maintained by the Association for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of, or administered by, the Association. Further, in the event the Association delegates some or all of the responsibilities for the handling of funds to a management agent, a fidelity bond shall be maintained by such agent or the Association for officers, employees, and agents of such management agent handling or responsible for funds of, or administered on behalf of, the Association.
- (b) *Bond Amount.* The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board but shall not be less than the estimated maximum amount of funds, including reserved funds, reasonably anticipated to be in the custody of the Association or management agent, as the case may be, at any given time during the term of each bond.

However, in no event may the aggregate amount of such bond be less than a sum equal to three (3) months' aggregate annual assessment on all Lots and Units plus reserve funds.

(c) *Bond Requirements.* All such fidelity bonds shall;

(i) Name the Association as an obligee;

(ii) Contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definitions of "employees" or similar terms or expressions; and

(iii) Shall provide that they may not be canceled or substantially be modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

(d) *Premiums a Common Expense.* Premiums on all insurance and such fidelity bonds (except premiums on fidelity bonds maintained by a management agent for its officers, employees, and agents) shall be paid by the Association as a common expense.

ARTICLE IX NOTICES TO MORTGAGEES

Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor of any deed or lien on any property located in the subject development and the Lot or Unit number or address, any such lienholder or eligible insurer or guarantor shall be entitled to a timely written notice from the Association of any delinquency in the payment of assessments or charges owed by an Owner on a Lot or Unit subject to a deed of trust lien held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days.

ARTICLE X CONTRACTS, LOANS, CHECKS, AND DEPOSITS

10.01 **CONTRACTS.** The directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association and such authority may be general or confined to specific instances.

10.02 **LOANS.** No loan shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a directors' resolution. Such authority may be general or confined to specific instances.

10.03 **CHECKS, DRAFTS, ETC.** All checks, drafts, or other orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner, as shall from time to time be determined by resolution of the directors.

10.04 **DEPOSITS.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such bank or financial institution as may be determined by the Board from time to time.

ARTICLE XI
FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January of each year.

ARTICLE XII
SEAL

The directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, the year of incorporation, and the words, "Corporate Seal". TCA § 48-53-102 (2).

ARTICLE XIII
AMENDMENT OF BYLAWS BY THE BOARD

The Board may amend or repeal the Association's bylaws except as set forth in TCA § 48-60-202(a).

ARTICLE XIV
AMENDMENT OF BYLAWS BY MEMBERS

The Association's members may amend or repeal the Association's bylaws even though the bylaws may also be amended or repealed by its Board. An amendment to the bylaws shall be approved by members by two-thirds ($\frac{2}{3}$) of the votes cast or a majority of the voting power, whichever is less; provided, however, an amendment to the bylaws which relates solely to the annual assessments required to be paid by all members and which establishes or changes a specific amount for such annual assessments, shall be approved by a majority of the members present and voting. TCA 48-60-202(b).