

BY-LAWS

OF

LAKE MEADOWS HOMEOWNERS ASSOCIATION, INC.

A CORPORATION NOT FOR PROFIT

I. IDENTITY

These are the By-Laws of Lake Meadows Homeowners Association, Inc., a corporation not for profit under the laws of the State of Tennessee, the Articles of Incorporation of which were filed in the Office of the Secretary of State on the 21 day of June, 1982, hereinafter called "Association", which has been organized for the purpose of acquiring, owning and administering the operation and management of recreational and other common facilities ("facilities") for the use and benefit of members of the Association and for purposes of approving building plans and/or specifications and plot plans.

A. All present or future members, guests, or any other person that might use any of the facilities of this Association in any manner, are subject to the regulations set forth in these By-Laws and to such Rules and Regulations as may be promulgated by the Board of Directors as hereinafter set forth.

B. The office of the Association shall be located at 2806 North Roan Street, Johnson City, Tennessee 37601.

C. The fiscal year of the Association shall be the calendar year.

D. The Association may have a seal which shall bear the name of the Association, the word "Tennessee", the words "Corporation Not for Profit", and the year of incorporation.

II. MEMBERSHIP

A. Membership shall be mandatory for and limited to owners of lots in the following geographical areas of Washington County, Tennessee: Lake Meadows Subdivision, as now existing or hereafter expanded.

B. Memberships shall be limited to one membership per lot. A member may designate the use of his membership to the permanent residents of his household, including Lessees, and excepting employees of the member, all as designated in writing and submitted to the Association.

C. Ownership of a lot constitutes membership in the Association and shall constitute the agreement of the member and those using the facilities of the Association as provided herein to abide by the provisions of these By-Laws and reasonable Rules and Regulations promulgated by the Board of Directors for the uses of the facilities. In addition, all members agree to pay dues as specified by the Board of Directors and any other related fees as may be assessed as hereinafter set forth.

D. All members shall have the right and privilege to use the facilities of the Association subject to the right of the Association to suspend recreation privileges in the event of failure to comply with the provisions of these By-Laws, Rules and Regulations, or the failure to pay dues and fees as provided herein.

ANTHONY A. SEATON
ATTORNEY
207 N. BOONE STREET
JOHNSON CITY, TN 37601

III. VOTING, QUORUM AND PROXIES

A. The Association shall have two classes of memberships, with respect to voting rights, as follows:

1. Class A. Class A members shall be all owners of lots, with exception of Earl Wilson, Jack C. Seaton, Anthony A. Seaton, John E. Seehorn, and Sheffield Auto Mart, Inc. doing business as Lake Meadow Ventures (hereinafter referred to as Lake Meadow Ventures), and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members, but the vote for such lot shall be exercised as they among themselves determine, and in no event shall more than one vote be cast with respect to any lot.

2. Class B. The Class B member shall be Lake Meadow Ventures, and shall be entitled to three votes for each lot owned. The Class B membership shall cease and be converted to Class A membership when the total number of Class A votes equals the total number of Class B votes. Upon the sale of all lots in all phases or units of development, the Class B membership shall be extinguished and of no further force and effect.

B. A quorum at members' meeting shall consist of persons entitled to cast a majority of the existing votes. 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. 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.

D. Except where otherwise required under the provisions of the Articles of Incorporation 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 votes represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

IV. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

A. The Annual members' meeting shall be held at the office of the Association or at such other place designated by the Board of Directors at 6:30 p.m. on the second Thursday in March of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provide however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Thursday.

B. Special members' 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 a majority of members of the Association.

C. Notice of all members' 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 to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor 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. If mailed, such notice shall be

mail addressed to the member at his 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 vote for him in any matter which comes to vote before the entire Association, and in which he would have been entitled to vote had he been present.

V. BOARD OF DIRECTORS

A. The first Board of Directors of the Association shall consist of three (3) persons whose names and addresses appear below:

Joe D. Sheffield, Johnson City, Tennessee
Anthony A. Seaton, Johnson City, Tennessee
James W. Cook, Johnson City, Tennessee

B. At the first annual meeting of the Association after fifty (50) lots have been purchased and there are then such number of Class A members, the Board of Directors consisting of five (5) persons shall be elected by a majority vote of the members. The term of office of the three (3) Directors receiving the highest plurality of votes shall be established at two (2) years, and the term of office of the other two (2) elected Directors shall be established at one year. Thereafter as many Directors of the Association shall be elected at the annual meeting of members as there are expiring terms of office of Directors, for a term of two (2) years, expiring at the second Annual Meeting following their election, 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.

E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. No less than three (3) days' notice of a meeting shall be given to each Director personally, by mail, telephone or telegram, 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, such waiver shall be deemed equivalent to the giving notice.

G. A quorum at a 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 Articles of Incorporation or these By-Laws. If any Directors' meeting cannot be organized because a quorum was 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

By-Laws, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if 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 a quorum.

H. The presiding officer of Directors' meetings shall be the Chairman of the Board, if such an officer has been elected, and if none, then the President shall preside. In the absence of the presiding officer the Directors present shall designate one of their number to preside.

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 Articles of Incorporation of the Association, and these By-Laws. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, 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 dues and fees against members to defray the costs of the purchase, operation, and maintenance of facilities, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

2. To cause the maintenance, repair, replacement, operation and management of facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members;

3. To cause the reconstruction of improvements after casualty, and the further improvement of the property, real and personal;

4. To make and amend Rules and Regulations governing the use of the property, real and personal, and recreational facilities owned and operated by the Association for the use and benefit of its members, 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 hereof or of the Articles of Incorporation.

5. To acquire, operate, lease, manage, and otherwise trade and deal property, real and personal, as may be necessary or convenient in the operation and management of facilities, and in accomplishing the purposes set forth in the Articles of Incorporation.

6. 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 Articles of Incorporation to have approval of the Board of Directors and membership of the Association.

7. To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the Association, and the Rules and Regulations hereinafter promulgated governing use of the property and facilities thereon.

8. To pay all taxes and assessments which are liens against any part of property owned by the Association and to assess the same against the members.

9. To carry insurance for the protection of the members and the Association against casualty and liability;

10. To pay all costs of power, water, sewer and other utility services rendered to the property owned by the Association;

11. To employ personnel for reasonable compensation to perform the services required for proper administration of the Association; and

12. To borrow money for any legitimate purposes which may be necessary for the acquisition, improvement, maintenance, and well-being of the property and facilities.

K. The Board of Directors may create such committees as the Board deems necessary for the undertaking of the aforementioned powers and duties and may delegate such authority to such committees to that end.

VI. OFFICERS

A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, who shall be a Director, and a Secretary/Treasurer all of whom shall be elected annually by the Board of Directors at their annual meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. 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 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 may in his 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 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 shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of any seal of the Association and may affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

E. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

F. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Association.

VII. FISCAL MANAGEMENT

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

A. A roster of members shall be maintained in a set of accounting books in which there shall be an account for each member. Such an account shall designate the name and address of the member, the amount of dues owed by such member, the dates and amounts of special assessments, if any, and the amounts paid upon the account and the balance due upon assessments.

B. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association. Copies of the proposed budget and proposed assessment shall be transmitted to each member on or before January 1st of the year for which the budget is made. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any dues or assessments, 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 dues and/or 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 levy any additional assessments 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. A budget shall not be required in the event that no assessments shall be levied for that particular year.

C. The depository of the Association shall be such 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.

VIII. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of Tennessee.

IX. 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 sixty percent (60%) of the votes of the entire membership of the Board of Directors and sixty percent (60%) of the vote of the entire membership of the Association. Directors and members not present at the meetings considering the Amendment may express their approval in writing.

The foregoing were adopted as By-Laws of Lake Meadows Home Owners Association, Inc., a corporation not for profit under the laws of the State of Tennessee, at the first meeting of the Board of Directors on the 8th day of July, A.D. 1982.

x Joe D. Suffer
PRESIDENT

ATTEST: Anthony D. Austin
SECRETARY