

**DECLARATION OF ASSOCIATION
ESTABLISHING
BROTHERS' COVE OWNER'S ASSOCIATION**

**DECLARATION OF COVENANTS AND RESTRICTIONS FOR
BROTHERS COVE SUBDIVISION**

WITNESSETH:

WHEREAS, Developer is the owner of a tract or tracts of land consisting of approximately _____ acres, in aggregate, more or less, situated in the Sixteenth (16th) Civil District of Sevier County, Tennessee, being a portion of a larger tract of land owned by Developer, and being more particularly described on the Plats of Brother's Cove Subdivision of record in Map Cabinet _____, Slide _____ of the Register of Deeds Office for Sevier County, Tennessee; and

WHEREAS, The plat of Brothers' Cove Subdivision subdivides the Property into Lots all being considered as a part of the Property for the purposes of these Covenants and restrictions, and

WHEREAS, Developer desires to impose certain Covenants and Restrictions on the Property and Lots for the purpose of insuring the proper use of the Property and Lots to prevent nuisances, to prevent the impairment of the attractiveness of the property, and to provide for the ownership and future maintenance of any roadways, water systems and security systems which may be constructed within the Property and thereby to secure to the Developer and each future owner of Lots within the Property the full benefit and enjoyment of the Property, hereby declaring the same to be for the benefit of the Property and each and every owner of any and all parts thereof through the Owners Association; and

WHEREAS, Developer has deemed it advisable to create an agency to be known as the BROTHERS' COVE OWNER'S ASSOCIATION which, upon the recordation of an instrument by developer so stating, shall be transfer, delegate and assign the power and authority to maintain the Property and to Administer and Enforce the Covenants and Restrictions, Rules and Regulations herein set forth and to collect and disburse all assessments and charges necessary for such continued maintenance, administration, and enforcement as are hereinafter provided.

NOW THEREFORE, Developer declares that the Property hereinabove described is and shall be held, transferred, sold, conveyed, leased, occupied, and used subject to covenants, restrictions, conditions, easements, charges, assessments, obligations, and liens (generally, "Covenants and Restrictions") hereinafter set forth in order to provide an orderly plan of construction and to protect the common interests of the property owners. The following listed Covenants and Restrictions, Rules and Regulations are hereby agreed upon and shall be covenants running with the land and shall be binding upon the Developer and all subsequent owners, heirs, successive owners and assigns thereof in any capacity whatsoever; provided, however, these Covenants and Restrictions shall only encumber and apply to Lots used for housing and rental as outlined within this Declaration, and shall in no way have any effect or constitute an encumbrance, equitable servitude, or reciprocal negative easement upon any other or remaining portion of the

Tract such as the Cement Pond, LLC or Countryman's Lodge, LLC, unless such is purchased and conveyed to the Association thus becoming a part of Brothers' Cove Owners Association.

ARTICLE 1

Definitions

Section 1. The following words and terms, when used in this Declaration, (unless the context clearly indicates otherwise) shall have the following meanings:

- (a) "Association" shall mean and refer to Brothers' Cove Owner's Association, a Tennessee nonprofit Association.
- (b) "Lot" shall mean and refer to any improved or unimproved plot of land shown upon any recorded final subdivision map of any part of the Property.
- (c) "Member" shall mean and refer to all Owners as provided in Section 1 of Article IV hereof.
- (d) "Owner" shall mean and refer to the recorded owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any Lot situated upon the Property but, notwithstanding any applicable theory of a mortgage or pledge, shall not mean or refer to the mortgage holder unless and until such mortgage holder has acquired legal title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.
- (e) "Plat" or "Plats" shall mean to the subdivision Plats for Brothers' Cove Subdivision of record in Map Books_____.
- (f) "Property" shall mean and refer to the existing real property as shown and described on the above mentioned Plats, and additions thereto, but does not include the entire Tract.
- (g) "Roadways" shall mean and refer to any private roads now, or in the future, within the Property intended for the joint use and benefit of the Owners as shown on the Plats and in particular the 40 foot right of way designated as "Brothers Way" on the Plats.
- (h) "Bylaws" means the By-Laws of the Association, incorporated and made a part of this Declaration, which may be amended from time to time as provided herein and in the By-Laws
- (i) "Common Interests" shall mean all common areas and facilities of the entire property, other than individual interests, including but not necessarily limited to, Water System, Road Ways, and Security Gates, which are beneficial to all Owners of the Lots including landscaping and garbage collection.
- (j) "Common Expenses" means and includes all sums which are or may be lawfully assessed against the Lot by the Association for actual and estimated expenses of (a) operating, maintaining and restoring the

Association property, making repairs and replacements to the property, Roadways, Security Gates and Water System, landscaping and garbage collection, providing working capital and operating reserves, carrying out the powers and duties of the Association, management and administration of the Association, (b) any other expenses agreed upon as common expenses by the Association or the Board of Directors of the Association and incurred by the Association, (c) All expenses declared to be common expenses pursuant to the provisions of this Declaration and By-Laws including, but not limited to, liability insurance for common areas, workman's compensation insurance, Gardening, Security Gates and Water System, and other services and items benefiting the Association, costs of bonding the members of the management of the Association, taxes paid by the Association, amounts paid by Association for discharge of any lien or encumbrance levied against the Association or any other item or items designated by the Association for any reason whatsoever in connection with the Association Property for the benefit of the Owners.

- (k) "Cement Pond Fee" is a voluntary annualized fee paid to Cement Pond, LLC, by each Lot Owner for use of the Cement Pond by Lot Owners and/or their guests.
- (l) "Management Fee" Management Fee represents charges for the voluntary participation in the Brothers' Cove Rental Program.

The Common Expenses shall be borne by the Lot Owners of the Association equally as provided herein and in the By-Laws.

ARTICLE II

Property Subject To This Declaration

The real property which is, and shall be, held, transferred, sold, conveyed, leased, and occupied, subject to this Declaration, is located in the County of Sevier, State of Tennessee, and is more particularly described on the Plats which description is incorporated herein by reference.

ARTICLE III

ARTICLE IV

Membership and Voting Rights

Section 1. MEMBERSHIP; Every person, firm, association, corporation, or other legal entity who is a recorded Owner or co-Owner, as defined herein, of the fee simple title to any Lot which is subject by this Declaration, shall be a Member of the Association. Any person, firm, association, corporation or other legal entity holding an interest merely as a

security for the performance of an obligation (including but not limited to mortgages or trustees under deeds of trust) shall not be a member of this Association.

Section 2. VOTING RIGHTS; Members of the Association, as defined in Section 1 of Article IV shall be entitled to one (1) vote for each Lot owned to be exercised in person or by written and signed proxy. When more than one person holds the fee simple title to any Lot as co-owners (including but not limited to tenants by the entirety, joint tenants or tenants in common) the vote for such Lot shall be exercised as a co-owners among themselves to determine, but in not event shall more than one vote be cast with respect to any one Lot.

Section 3. VOTING RIGHTS MAY BE SUSPENDED: for any period during which any assessment against such Owner's Lot remains unpaid and delinquent; and for a period not to exceed Thirty (30) days for any noncontributing infraction of the Rules and Regulations of the Association, as further provided in the By-Laws. Only the Board of Directors shall make any suspension of voting rights after Notice and an opportunity for a Hearing as provided in the By-Laws.

Section 4. VOTING CLASS; Two voting classes:

Class A. Class A members shall be all Owners other than the Developer. Class A members shall be entitled to one (1) vote for each Lot owned to be exercised as provided in Section 2, above. The Class B member shall be the Developer.

Class B. The Class B member shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever occurs earlier. Whereupon the Developer shall become a Class A member and shall be entitled to one (1) vote for each Lot owned and shall have all other rights and entitlements of Class A members when the total of the votes outstanding in Class A membership equals or exceeds the total of the votes outstanding in the Class B membership; provided however, in the event Developer elects to extend the development of Brothers' Cove beyond the existing Property, whether by adding additional acreage now a part of the Tract, or by way of addition of later-acquired real property, the voting rights of Class A and Class B memberships shall revert to the 1:3 ratio until such time as the total of the votes outstanding in the Class A membership equals the total of the votes outstanding in the Class B membership for the new extension.

ARTICLE V

Members' Easement

Section 1. Members' Easement of Enjoyment Subject to the provisions of this Declaration, and the rules and regulations of the Association, every member shall have a right and easement of enjoyment in the roads and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2 Title to Roadways, Water System and Security System The Developer may retain the legal title to the Roadways, Security System and Water System until such time as it has completed initial improvements thereon and until such time as, in the judgment of the Developer, the Association is able to maintain the same. Upon completion of this document and the establishment of the Association into a viable entity, the Roadways, Water System and Security System, along with maintenance responsibilities will be transferred to the Association.

ARTICLE VI
Covenant for Maintenance and Capital
Improvement Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer covenants for itself, its successors and assigns that no contract will be made for the sale of any Lot and no deed conveying a Lot shall be delivered unless the same shall include provisions obligating the purchaser to guarantee his, her or its heirs, executors, administrators, successors, and assigns to pay to the Association (1) Annual Assessments for charges and (2) Special Assessments for capital improvements upon the Roadways, Security and Water System, such assessments to be fixed, established and collected from time to time as herein provided. Each person who accepts a deed for a Lot or accepts title as an heir or devisee shall be deemed to have consented to make such payments to have agreed to all terms and provisions of this Declaration whether or not the above mentioned provision was included in the contract or deed or other instrument by which he, she or it acquires title. The Annual and Special Assessments together with such interest constitute a continuing lien upon the land against which each assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be a personal obligation of the person or persons or entity who was a the owner of such property at the time the assessment fell due. In the case of co-ownership of a Lot all of such co-owners of the Lot shall be jointly and severally liable.

Section 2. Purpose of Assessment: The Annual Assessment levied by the Association shall be used exclusively for promoting the health, safety, pleasure, and welfare of the owners of Lots and the costs and expenses incident to the operation of the Owner's Association, including, without limitation, the property maintenance and maintenance and repair of the Roadways, Water System and Security Systems and payment of all taxes and insurance premiums and all costs and expenses incidental to the operation and administration of the Association.

A SPECIAL ASSESSMENT may be used for the purpose of paying the cost of a capital improvement for which such Special Assessment is levied, and all expenses incidental thereto.

Section 3. Annual Assessments- The amount of the Annual Assessment shall be determined by the Treasurer based on the prior years expenses and costs associated with the operating of the Association taking into consideration any cost increases expected.

Section 4. Special Assessments- In addition to the Annual Assessments authorized in Section 3 of this Article, the Association may levy, in any assessment year, a Special Assessment, applicable to that year only for the purpose of defraying, in whole or in part, the cost of any necessary expense related to Roadway construction or reconstruction, any Water Plant repair or servicing or Security System repair. Including any unexpected repair or replacement, or improvements provided that any such Special Assessment shall receive the assent of 51% of all of the votes eligible to be cast by all of the Members, at a meeting duly called for this purpose; written notice of which shall be sent to all Members at least thirty (30) days in advance and which notice shall set forth the purpose of the meeting.

Section 5. Change in Basis of Assessments. The Board of Directors of the Association may cause to be made a change to the amount of the Assessments in the event of an emergency situation.

Section 6. Period for which Annual Assessments are Made Due Dates. The period for which Annual Assessments are made shall be for twelve month period extending from January 1st through December 31st.

Each Annual Assessment shall become due upon and payable on or before the first day of March, following the commencement of such Annual Assessment period. Arrangements can be made for monthly payments.

Upon the purchase of a Lot from the Developer, the then current Dues and Annual Assessment shall be prorated and paid by the purchaser.

Section 7. List of Assessments, Notice of Assessment Certificate as to Payment. The Board of Directors of the Association shall cause to be prepared, at least thirty (30) days in advance of the due date of each assessment, a list of the assessments applicable thereto. Written notice of the assessment shall be sent to every Owner subject thereto.

The Association shall, upon the request of any Owner or mortgage holder, provide a certificate in writing, signed by an officer of the Association, setting forth whether or not such assessment has been paid.

Section 8. Effect of Non-Payment of Assessment: If the assessments are not paid promptly on the due date thereof as specified in Section 6 of the Article, then such assessment shall become delinquent automatically and shall, together with interest thereon at the rate of fifteen percent (15%) per annum from the due date along with costs of collection thereof, as hereinafter provided, thereupon become a continuing lien on the property against which it is levied, which lien shall bind such property in the hands of the then Owner, his, her, or its heirs.

If the assessment is not paid within thirty (30) days after the due date, specified in Section 6 of this Article, the assessment, together with interest thereon at a rate of 15%

per annum, may be enforced and collected by the Association by the institution of an action at law against the Owner or Owners personally obligated to pay same, or by an action to foreclose the lien against the property, and there shall be added to the amount of such assessment and interest, the cost of preparing and filing the complaint and such action, and in the event a judgment is obtained, such judgment shall include, in addition to the assessment, interest and court costs, a reasonable attorney's fee.

Section 9. **No Owner may exempt himself** from personal liability for Assessments duly levied by the Association, nor release the property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Property and the facilities thereon or by abandonment of his property.

In no event shall Developer be liable for any assessments for improvements regardless of the number of Lots held or retained by Developer or the use to which such Lots are put.

ARTICLE VII

Roadways, Security and Water System

Section 1. **Maintenance:** The Developer and the Association shall be jointly responsible for arranging for the maintenance of the Roadways, Security System and Water System until such time as the same are conveyed to the Association pursuant to Section 2 of Article V.

Section 2. **Owners responsibility;** Notwithstanding the provisions of Section 1 hereof, each owner shall be responsible for providing adequate drainage along driveway connections to the roadway and for the repair of damage to the Roadways caused by construction activities on an Owners Lot. If an Owner fails to provide adequate drainage or fails to repair such damage within 10 days after receiving written notice from the Developer and or Association of the corrective measures required, the Developer and or Association shall have the right to install such drainage or repair such damage and the cost thereof shall be a continuing lien against that Owners Lot until Paid in full and may be enforced as an assessment.

Section 3. **No Dedication to Public Use.** The Roadways shall not be dedicated to the public and nothing contained in this Declaration, whether expressed or implied, shall be construed as a dedication of the Roadways for any public use or purpose whatsoever.

ARTICLE VIII

General Provisions

Section 1. **Duration.** The Covenants and restrictions set forth in this Declaration shall run with and bind all of the land included in the Property described in Article II hereof, and shall inure to the benefit of and be enforceable by the Developer, the Association, and the Owners of any land subject to this Declaration, their respective successors, assigns, heirs, executors, administrators, and personal representatives, for a period of twenty (20) years from the date this Declaration is recorded in the office of the Register

of Deeds of Sevier County, Tennessee, at the end of which period such Covenants and Restrictions shall automatically be extended for a successive periods of ten (10) years each, unless at least three-quarters of the Owners of the Lots at the time of the expiration of the initial period or any extension period, shall sign an instrument, or instruments in which they shall agree to change said Covenants and Restrictions in whole or in part, but no such agreement shall become binding unless written notice containing the terms of the proposed agreement is sent to every Owner of every Lot at least ninety (90) days in advance of the action taken in authorizing said agreement.

Section 2. Enforcement. Enforcement of these Covenants and restrictions shall be by any appropriate proceeding in law or equity in any court of administration tribunal having jurisdiction against any person or persons, firm or corporation violating or attempting to violate or circumvent any Covenant. It enjoins such violation or threatened violation, and/or to recover damages, and against the land of any Member to enforce any lien created by this Declaration in any covenant herein contained. Failure by the association or any Owner, or Member, to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same.

Section 3. Severability. Should any covenant or restriction herein contained or any Article, Section, Subsection, sentence, clause, phrase, or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

Section 4. Amendment. This Declaration may be amended at any time or times by the recordation of any instrument executed by Owners holding not less than seventy-five (75) percent of the voting interests of the membership; provided that :

- a. So long as the Developer is the owner of any Lot or any Property affected by this Declaration, as it may then have been amended. The Developers consent to the Amendment must be endorsed in recordable form on the Amendment instrument.
- b. No Amendment shall impair any right then existing of the holder of any first mortgage or deed of trust.

Section 5. Developers Reserved Rights. Notwithstanding any provision herein to the contrary, this Declaration shall be subject to:

- a. The right of the Developer to execute all documents and take such actions and do such acts affecting the property, after consultation with the Board of Directors of the Owners Association, that are desirable or necessary to facilitate the general plan of the development or the actual construction or development of the property.

- b. Easements of record on the date hereof, any easements which may hereafter be granted by Developer to public or private utilities or governmental bodies for the installation and maintenance of electrical and telephone conduits and lines, gas pipes, sewers, or water pipes, or any other utility service or drainage facility serving any Lot within the Property or any portion thereof.

Section 6. Homeowners. The persons identified as “Homeowners” in this document join herein for the purpose of acknowledging the impact of the restrictions on each signatory’s respective lot, and agreeing to the provisions hereof, as if the restrictions had been placed of record prior to the sale of any said Lots.

ARTICLE IX ADMINISTRATION OF ASSOCIATION

Section 1. Creation of Association. The Association described herein is hereby formed. The Association shall have any and all powers granted by law, this Declaration and the By-Laws to effectuate its purpose of operating, managing and maintaining the Property on behalf of all Lot Owners and is hereby charged with the duties prescribed by law as set forth in this Declaration and the By-Laws.

Section 2. Powers and Duties of the Association. The Association shall have all the powers and duties provided by Law and as set forth in this Declaration and the By-Laws. Without limiting the generality of the forgoing, the Association shall have the power of:

- a. Assessments: the power and duty to levy general and special assessments on Owners of Lots and to enforce payment of such Assessments in accordance with the provisions hereof.
- b. Repair and Maintenance: The power and duty to maintain existing Roadways, Security and Water Systems in accordance with the standards adopted by the Board of Directors.
- c. Rights, Grants, Permits Licenses and Easements: The power, but not the duty, to grant such permits, licenses and easements over, under or through the common interests.
- d. Other Services: The power and duty to maintain the integrity of the Property and provide services as may become necessary or proper to carry out the Associations obligations and business under the terms of this Declaration, in order to enhance the enjoyment of the Owners of the Property or to facilitate the use of the property by the Owners.
- e. The power but not the duty, if deemed appropriate by the Board of Directors to retain and pay for maintenance personnel, legal and accounting services as necessary or proper in the operation of the property, enforcement of the Rules and Regulations, or in the performing of any other duties or rights of the Association.
- f. Duty to obtain Insurance: The Board of Directors shall cause to be obtained, maintained and pay the premiums upon, as a common

expense, adequate public liability insurance, covering all claims for personal bodily injury in the amount of \$2,000,000, if available and property damage arising out of single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured's for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the common elements, and any other property under the Associations jurisdiction, and legal liability arising out of law suits related to employment contracts of the Owners Association. The Board of Directors may also purchase such other insurance, as necessary, including, but not limited to errors and omissions, directors, officers and agents liability insurance, malicious mischief, and vandalism insurance, fidelity bonds and workers compensation.

ARTICLE X

Board of Directors

Section 1. All of the affairs. Policies, regulations and common property of the Association shall be controlled and governed by the Board of Directors of the Association. Consisting of not less than (3) three persons, who are all to be elected annually by the members entitled to vote, all as hereinafter defined by the By-Laws. All persons elected must be members of the Association.

Section 2. Initial Board of Directors. The initial Board of Directors shall be appointed by the Developer. A general meeting shall be called thereafter, and an election shall be held as set forth in section 1 of this Article. So long as Developer holds a Class B Member status, the Developer has the right to appoint 1/3 of the Board of Directors.

Section 3. Rules and Regulations. The Board of Directors may adopt such Rules and Regulations, as it deems proper for the use and occupancy of the Property.

**BY-LAWS of
BROTHERS' COVE OWNERS ASSOCIATION**

**ARTICLE I
Application**

Section 1. All present and future owners, mortgages, lessees, licensees and occupants of Property and their employees, and any other persons who may use the facilities of the Association in manner, are subject to these By-Laws, the Declaration and the Rules and Regulations issued pursuant hereto and to the Declaration.

The acceptance of a deed for or conveyance of a property or the entering into of a lease or the act of occupancy of a property shall constitute an agreement that these By-Laws, the rules and regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 2. Office. The Office of the Association and the Board of Directors shall be located at: Brothers' Cove Rental Office.

**ARTICLE II
Board of Directors**

Section 1. Number and Designation. A Board of Directors shall govern the affairs of the Association consisting of seven (7) members.

Section 2. Powers and Duties. The BOD shall have the Power and Duties necessary for the administration of the affairs of the Association and may do all such acts and things except those prohibited by law or by the Declaration or by these By-Laws. Such Powers and Duties of the BOD shall include, but shall not be limited to, the following:

- a. Operation, Care and upkeep and maintenance of the common interests of the Association.
- b. Determination of Common expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the Association.
- c. Collection of the Common Assessments from the Owners.
- d. Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Interests.
- e. Adoption and amendment of the Rules and Regulations covering the details of the operation and use of the Property, and the enforcement of the Rules and Regulations.
- f. Opening a bank account on behalf of the Association and designating signatories required therefore.
- g. Obtaining of insurance for the Association as defined by Declaration.
- h. Making of repairs, additions and improvements to or alterations of property and repairs to the property in accordance with the other provisions of these By-Laws and Declaration.
- i. A Quarterly report of expenses shall be provided to Owners at their request.

Section 3. Election and Term of Office. At the first Annual meeting of the Owners, three members of the BOD will be elected to serve terms of one year, 2 members to serve 2 year term and 2 members to serve 3 year terms.. Each Director shall be elected by the vote of a majority of the Owners voting. Each member shall hold office until their respective successors shall have been elected by the Owners.

Section 4. Vacancies. Vacancies in the BOD caused by any reason shall be filled by vote of a majority of the remaining Board members at a special meeting of the BOD held for that purpose promptly after the occurrence of any such vacancy.

Section 5. Regular Meetings. Regular meetings of the BOD may be held at such time and place as shall be determined from time to time by a majority of the BOD, but at least two such meetings shall be held during each fiscal year. Notice shall be given to the BOD members at least 10 days in advance.

Section 6. Special Meetings. A special meeting may be called by any member of the BOD with 5-business days notice.

Section 7. Quorum of Board of Directors. A quorum shall exist when a majority of the members of the BOD are present, and a vote of the majority present will constitute the decision of the Board of Directors.

Section 8. Compensation. The members of the Board of Directors will not receive compensation.

ARTICLE III

Notice of Meeting

Section 1. Notice of Annual Meeting. It shall be the duty of the Secretary to mail, e-mail, or fax a notice of each annual or special meeting of the Owners Association at least ten (10) days but not more than thirty (30) days prior to such meeting to each Owner of record at address on file, designating time and place of meeting.

Section 2. Adjournment of Meeting. If any meeting of Owners cannot be held because a quorum has not attended the scheduled meeting, a majority in Common Interest of the Owners present may adjourn the meeting to a time not less than forty eight (48) hours from the time the original meeting was called. If a quorum is not present at the following meeting the meeting may proceed as if there were a quorum present and the majority vote of those present will be considered sufficient to conduct necessary business.

Section 3. Order of Business. The order of business at all meetings of the Association will be as follows:

- a. Roll Call
- b. Proof of notice of meeting
- c. Reading of minutes of preceding meeting
- d. Reports of Officers
- e. Report of Board of Directors
- f. Reports of Committees
- g. Election of inspectors of election (if required)
- h. Election of members of the Board of Directors (when so required)
- i. Unfinished business
- j. New Business.

Section 4. Majority of Owners. As used in these By-Laws the term Majority of Owners shall mean those Owners having more than 50% of the total authorized votes of all Owners present in person or Proxy, and voting at any meeting of the Owners.

Section 5. Quorum and Majority Vote. Majority vote shall mean over 50% of the voting Owners whether by proxy or in person at any meeting of the Owners. Quorum will exist when 1/3 of the Owners are present at a meeting, OR a quorum will be those present at a reconvened meeting after a 48-hour adjournment as spelled out in Section 2 of this Article.

ARTICLE IV Officers

Section 1. Designation. The principal officers of the Association shall be the President, Vice President, Secretary and Treasurer, all of which shall be elected by the Board of Directors. The Board of Directors may appoint assistants as necessary. The President and Vice president, but no others officers, need be members of the Board of Directors. The positions of Secretary and Treasurer may be combined into Secretary/Treasurer.

Section 2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors.

Section 3. Removal or Resignation of Officer. Upon the affirmative vote of a majority of members of the Board of Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the BOD called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Owners Association and of the Board of Directors. He shall have all of the general powers and duties, which are incident to the office of president of a stock corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President is unavailable or absent. If neither is available, the BOD will appoint someone from the BOD to act in his or her place.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Owners and of the BOD, he shall have charge of such books and papers as the BOD may direct, and he shall, in general, perform the entire duties incident to the office of secretary of a stock corporation.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of the accounts showing all receipts and expenditures. He shall be responsible for the preparation of financial data and responsible for deposits of all monies and valuable effects in the name of the BOD and the dispersal of funds. He shall, in general, perform the entire duties incident to the office of Treasurer of a stock corporation.

Section 8. Secretary/Treasurer. the position of Secretary and Treasurer may be combined into a single position consisting of both positions responsibilities and obligations.

Section 9. Compensation of Officers. Officers shall not receive compensation

ARTICLE V

Operation of Property

Section 1. Determination of Common Expenses and Fixing Common Assessments: The Board of Directors shall from time to time, and at least Annually, prepare a budget for the Association, determine the amount of the Common Assessments payable by the Lot Owners to meet the Common Expenses of the Association. Common Expenses shall include, but not be limited to, all costs and expenses described within the Declaration, the cost of insurances and other fees and disbursements necessary to the operation of the

Association for the benefit of the Lot Owners including working capital. The Board of Directors shall notify Owners in writing of the amount of Common Assessments payable by each to them and shall furnish copies of each budget on which the Common Assessments are based.

Section 2. Insurance. The Board of Directors shall also be required to obtain and maintain public liability insurance as required by the Declaration.

Section 3. Payment of Common Assessments. All Lot Owners shall be liable for the payment of any part of the Common Assessments assessed against their Lot subsequent to a sale, transfer or other conveyance of such Lot. No owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to their Lot without including therein the Appurtenant Interests, which include undivided rights in common interests, and other assets of the Association in common.

Section 4. Foreclosure of Liens for Unpaid Common Assessments: In any action brought by the BOD to foreclose a lien on a Lot because of unpaid Common Assessments, the Lot Owner shall be required to pay all fees and expenses with regard to the collection of the debt.

Section 5. Negligence of Owner. All repairs and maintenance of Common Interests required due to the negligence of an Owner shall be charged to the Owner through Special Assessment and shall become a lien upon the Lot if unpaid.

Section 6. Additions, Alterations, or Improvements by BOD. Whenever in the judgment of the BOD the Common Interests shall require additions, alterations, or improvements costing in excess of \$2,000.00, and the making of such additions, alterations or improvements shall have been approved by vote of the majority of the Lot Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Lot Owners for the cost thereof, as a Common Expense. Any additions, alterations or improvements costing less than \$2,000 may be made by the BOD without approval of the Lot Owners and shall be constitute part of the Common Expenses.

Section 7. Payment of Assessments. No Lot Owner shall be permitted to convey, mortgage, pledge, hypothecate or sell his Lot unless and until he shall have paid in full to the Board of Directors all unpaid Dues and Common Assessments theretofore assessed by the BOD against the Lot and until having satisfied all unpaid liens against such Lot. Notwithstanding the foregoing, a Lot Owner may convey, or sell the Lot subject to all other provisions of these By-Laws, to a purchaser who in writing assumes all unpaid Common Assessments and who agrees to take such Lot subject to all unpaid liens against the same.

ARTICLE VI
Miscellaneous

Section 1. All notices hereunder shall be sent by registered or certified mail to the Board of Directors or Managing Agent to the Office of the Board of Directors whose address is: _____ and may be designated from time to time.

Section 2. Amendment to By-Laws. By-Laws may be amended or modified by majority vote of Owners through in person or proxy at a meeting held for such purpose.

DEVELOPER

IN WITNESS WHEREOF, the undersigned have executed this instrument the day and year below.

Randolph D Jones

STATE OF TENNESSEE
COUNTY OF SEVIER

Before me, the undersigned authority, personally appeared the within named bargainer, Randolph D. Jones, with whom I am personally acquainted and who acknowledged that he executed the forgoing instrument for the purposes therein contained.

Witness my hand, at office, this _____ day of _____, 200_

Notary Public

My commission expires: _____