

BY-LAWS
FOR THE ADMINISTRATION OF
MALLARD BAYE PROPERTY OWNERS' ASSOCIATION

ARTICLE 1
GENERAL PROVISIONS

- 1.1 Name and Location. The name of the Association is the Mallard Baye Property Owners' Association; the principal office of the Association shall be Baye Road, Mallard Baye, Grainger County, Tennessee, 37861. Meetings of the Association for the conduct of its affairs may be held at such places within the State of Tennessee as may be designated by the Board of Directors.
- 1.2 Administration of Association. The administration of the Association shall be governed by the Plats Phases 1 thru 7, the Declaration of Covenants, Conditions and Restrictions hereafter called "Restrictions" or "Restrictive Covenants", for Mallard Baye Subdivision and this document.
- 1.3 Application of Restrictions and By-Laws. All present and future lot owners who so elect who may use the facilities of the property in any manner shall be subject to the provisions of these by-laws, and all rules and regulations adopted hereunder.

ARTICLE 2
ASSOCIATION OF PROPERTY OWNERS

- 2.1 Members. Each owner of a lot in the Subdivision who so elects shall become a Member of the Association upon making his/her contribution. The cessation of ownership of a lot shall terminate membership in this Association and any right to vote or to participate in the administration of the Association.
- 2.2 Purpose. The Association shall administer its affairs on a non-profit basis. The administration shall be accomplished through a Board of Directors, which shall be elected by the Association. It shall further be the purpose of the Association to amend and supplement the system of administration and these by-laws as may be required from time to time, and to do so and perform all other things or acts required and/or permitted under Tennessee Law.
- 2.3 Voting Rights. The Owner or Owners of a lot who elect to become Members shall be entitled to attend and vote at all meetings of the Association. The developer shall be considered the owner of each lot that is a part of an approved Plat and unsold, and shall have the right to vote.
- A. List of Owners. The Board of Directors shall maintain a list of Owners that shall be updated regularly.

- B. Votes. At any meeting of the Association, each Owner(s) who elects to be a Member shall be entitled to cast one (1) vote for each lot owned (for which he/she has contributed) by such person(s) or entity. If there is more than one lot Owner with respect to a particular lot any or all of such Owners may attend any meeting of the Association. However, it shall be necessary for all such lot owners present to act unanimously in order to cast the vote pertaining to their lot. The owner of adjoining lots who builds a home occupying the two lots may elect to contribute for one lot and have one vote, or contribute for two lots and be entitled to two votes.

ARTICLE 3
MEETINGS OF THE ASSOCIATION

- 3.1 Annual Meeting. The annual meeting of the Association shall be held at a place designated in writing in the notice mailed to each Member.
- 3.2 Quorum. To transact any business of the Association in session, members present at a duly announced annual meeting shall constitute a quorum. The affirmative vote of a majority of the Members present at a meeting shall be required to adopt any resolution, elect or remove any director or officer, make any decision, or take any action.
- 3.3 Conduct of Meetings.
- A. Presiding Officer. The president of the Association or his/her designee may preside over and conduct all meetings of the Association.
- B. Recording Officer. The secretary of the Association may take and keep the minutes of all meetings of the Association. Such minutes shall be kept in a book wherein all resolutions adopted at any meeting of the Association shall be recorded.
- C. Order of Business. The order of business at all meetings shall be as follows:
1. Roll call and determination of presence of quorum;
 2. Proof of Notice of Meeting;
 3. Reading and consideration of minutes or preceding meeting;
 4. Reports of officers, employees, or committees;
 5. Election of Members of Board of Directors (when necessary);
 6. Unfinished business;
 7. New business;
 8. Adjournment.

ARTICLE 4
BOARD OF DIRECTORS

- 4.1 Number of Members. The Board of Directors of the Association shall consist of five (5) persons, each of whom shall be a contributing Owner of a lot or of an interest therein or in the event of ownership of a lot by partnership, trustee, corporation or other entity, a partner, trustee, officer or other designated representative thereof.
- 4.2 Term. At the first annual meeting the members shall elect two (2) directors for one (1) year, two (2) directors for two (2) years, and one (1) director for three (3) years. Thereafter, the members shall elect replacement directors for a term of two (2) years.
- 4.3 Election. The Association shall, at its annual meeting, elect the Members of the Board of Directors. Election of directors shall be by ballot unless unanimously dispensed with.
- 4.4 Removal. Any director may be removed from the Board of Directors with or without cause by majority vote of the Members of the Association at a meeting duly called for that purpose.
- 4.5 Resignation. Any director may resign at any time by giving written notice to the Board of Directors, the president, or the secretary. Any such resignation shall take effect on the date of receipt of such notice. Acceptance of the resignation by the Board of Directors shall not be necessary to make it effective.
- 4.6 Vacancies. Vacancies in the Board of Directors shall be appointed by the remaining directors and any new director appointed by them shall serve as a director until the next annual meeting.
- 4.7 Annual Organization Meeting. The organizational meeting of a newly elected Board of Directors shall be held within one (1) week of the election of such directors at such time and place as shall be fixed by the Board of Directors at the meeting at which they were elected, without further notice of such meeting, providing a quorum of the Board of Directors shall be present.
- 4.8 Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and place as shall be determined to be necessary by a majority of the Board of Directors.
- 4.9 Special Meetings. Special meetings of the Board of Directors may be called by the president and shall be called by the secretary upon receipt of written request of any two (2) Members of the Board of Directors. Notice of any special meeting shall be given personally, by mail, or by telephone, three (3) days before the day named. The notice of a special meeting shall state the time, place, and purpose of the meeting.

4.10 Waiver of Notice. By writing, any director may waive notice of a meeting before or at any meeting and such waiver shall be deemed the equivalent to the giving and receipt of notice.

4.11 Action Taken Without a Meeting. The Board of Directors shall have the right to any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Members of the Board of Directors. Any action so approved shall have the same effect as though taken at a duly called meeting of the Board of Directors.

4.12 Quorum. At any meeting of the Board of Directors, a quorum shall consist of those directors entitled to cast a majority of the votes of the entire Board, any act or decision of the Board of Directors approved by the affirmative vote of a majority of votes present shall constitute the act or decision of the Board of Directors, except as may be specifically otherwise provided in the Restrictive Covenants or elsewhere in these By-Laws.

4.13 Conduct of Meetings.

- A. Presiding Officer. The president of the Board of Directors may preside at all meetings of the Board of Directors.
- B. Recording Officer. The secretary of the Board of Directors shall serve as the secretary of the meetings of the Board of Directors and shall record the acts and decisions of the Board of Directors in the minutes of the Board of Directors, which shall be kept in a book for that purpose. Such minutes shall be kept separate and apart from the minutes of the Association.
- C. Order of Business. The order of business at any meeting of the Board of Directors shall be:
 1. Calling of roll; determination of quorum;
 2. Proof of due notice of meeting or written waiver thereof;
 3. Reading and disposal of any unapproved minutes;
 4. Report of officers and committees;
 5. Election of interim director (when necessary);
 6. Election of officer (when necessary);
 7. Unfinished business;
 8. New business;
 9. Adjournment.

4.14 Indemnification. The Members shall indemnify and hold harmless any Officer or Director serving or having served in any administrative capacity of the Mallard Baye Property Owners' Association from and against all personal liability and all expenses including, but not limited to, legal fees incurred or imposed arising out of or in settlement of any actionable cause whether civil, criminal, administrative or investigative, instituted by any one or more Members, or any other person or entity, other than to the extent, if any, that

such liability or expense shall be attributable to the willful misconduct or bad faith. Members of the Board of Directors shall not be liable to the Association Members as a result of their activities as such Director or Officer ~~except for willful misconduct or gross negligence.~~ Members of the Board of Directors and Officers shall have no personal liability to any Member or any other person or entity under any agreement, instrument, or transaction entered into by the Board of Directors or Officers by virtue of acts performed by or for them in their capacity as such member of the Board of Directors or as Officers.

- 4.15 Compensation. No Member of the Board of Directors shall receive compensation for services in the administration of the affairs of the Association. Upon approval by the Board of Directors, any Member of the Board may be reimbursed for reasonable expenses actually incurred by him/her.

ARTICLE 5 OFFICERS

At its organizational meeting, the Board of Directors shall elect a President, a Secretary and a Treasurer. The Board of Directors may elect such other assistant officers, as it may deem necessary.

- 5.1 President. The president shall be a lot Owner, a Member, and shall be a Member of the Board of Directors. The president shall be the chief administrative officer of the Association and of the Board of Directors, and shall preside at all meetings of the Owners and of the Board of Directors, shall execute contracts and agreements in the name and on behalf of the Owners, all other written instruments of material importance to the conduct of the business of and perform such other duties as the Board of Directors may from time to time require.
- 5.2 Vice-President. The Vice-President shall share the full responsibilities, duties and obligations of the President during the President's absence and any other responsibilities, duties and obligations the Board or Association may from time to time request of or assign the Vice-President.
- 5.3 Secretary. The secretary shall record the votes and keep minutes of all meetings and proceedings of the Board of Directors and the Association, shall attend to the giving and serving of all notices to the Directors and Owners required in these By-Laws, and shall keep all other records of the Owners and the Board of Directors.
- 5.4 Treasurer. The treasurer shall have custody of all the property of the Board of Directors and of the Owners, including all the funds, assessment roles and accounts, and shall keep proper books of account and perform all other duties incident to the office of treasurer.

5.5 Compensation. No officer shall receive compensation for serving as such; however, any officer may be reimbursed for reasonable expenses actually incurred.

5.6 Term. Each officer shall be elected at the annual organizational meeting of the Board of Directors and shall serve until the succeeding annual organizational meeting and thereafter until their successors are duly elected and qualified.

5.7 Resignation and Removal. Each officer may be removed from office with or without cause by the vote of a majority of the Board of Directors of the Association at a meeting duly called for that purpose. Any officer may resign at any time by giving written notice to the Board of Directors. Any such resignation shall be effective upon the date of receipt of such notice and shall not require acceptance by the Board of Directors to become effective. Vacancies created by resignation or removal of any officer shall be filled by the Board of Directors and any new officer so elected shall complete the term of the replaced Officer.

ARTICLE 6 POWERS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors shall have all the powers, duties, obligations, and responsibilities as are now or may be hereafter provided by the Articles of Incorporation and these By-Laws. Including, but not limited to, the following, the Board of Directors shall have the power and duty:

- 6.1 To determine and pay the Association's expenses.
- 6.2 Recommend Member contributions so as to defray the cost of maintaining and improving the areas outlined in the Charter of the Association.
- 6.3 To open bank accounts on behalf of the Association and to designate such bank or banks as shall be the depository for said funds, and to designate the signature required for withdrawal of monies from such accounts, at least two (2) signatures being required for any check or draft.
- 6.4 To engage the services of maintenance companies, accountants, attorneys or other employees or agents and to pay such persons a reasonable compensation therefore.
- 6.5 To enter into contracts or other written instruments and to authorize the execution and delivery thereof by the appropriate officers of the Board of Directors.
- 6.6 To own, purchase or lease, hold, sell or otherwise dispose of on behalf of the Association, items of personal property necessary to or convenient in the

in the operation of the property including furniture, furnishings, fixtures, appliances and office supplies.

- 6.7 To repair or restore any Association property following damage or destruction.
- 6.8 To bring, prosecute and settle litigation for itself, the Members and the property provided that no settlement, which results in liability against the Board of Directors or Members of the Association of property, shall be entered into without prior approval of a majority of the Members.
- 6.9 To keep adequate books and records and require a review of the accounts and books of the Board of Directors annually.
- 6.10 The Board of Directors shall be responsible for:
 - A. Final determination of common expenses, budgets, and assessments;
 - B. The adoption and promulgation of rules and regulations;
 - C. The power of authority to enter into any contract involving more than one thousand (\$1000) dollars, in any one fiscal year;
 - D. The opening of bank accounts;
 - E. The power to bring, prosecute or settle litigation.
- 6.11 In the event that the Board of Directors delegates any of its duties relative to the handling of the funds of the Board of Directors or of the Association, fidelity bonds shall be required covering the persons to whom such delegation is made and the amount of such bond shall be determined by the Board of Directors, but shall not be less than One Hundred Fifty (150%) percent total amount of annual budget. The costs of such fidelity bonds shall be paid from the general fund.
- 6.12 The Board of Directors by resolution may designate one or more special committees. Each committee shall consist of two (2) or more lot Owners who shall have and exercise the authority set forth in the resolution establishing the special Committee. Such special committees shall have such name or names as may be determined from time to time by the Board of Directors. Such special committee shall keep regular minutes of their proceedings and report the same to the Board of Directors when required or directed. The members of such special committees or committees designated shall be appointed by the Board of Directors. The Board of Directors may appoint lot Owners to fill the vacancy on each of said special committees occasioned by death, resignation, removal, or inability or refusal to act for any extended period of time.
- 6.13 It shall be the affirmative duty of the Board of Directors to make available upon request during regular business hours a copy of the most recent recorded Restrictive Covenants, By-Laws and rules and regulations adopted thereunder to any Owner or the mortgagee of any Owner.

6.14 The Board of Directors will establish and maintain liaison with Grainger County government officials and the Developer of Mallard Baye including, but not limited to, the Developer's Review Committee.

ARTICLE 7
COMMON EXPENSES AND CONTRIBUTIONS

The common expenses of Mallard Baye Subdivision shall be determined as provided in this article. All contributions to defray such common expenses shall be made as provided in this article.

- 7.1 Annual Estimate of Expenses. Before March 1 of each year the Board of Directors shall estimate the expenses and capital contribution that shall be required for Mallard Baye Subdivision for the next year. Such estimates shall include a reasonable amount considered by the Board of Directors to be necessary for a reserve for contingencies.
- 7.2 Contributions. Funds received by the Board of Directors from Property Owners' contributions shall be kept in either capital account or in the expense fund and shall be expended by the Board of Directors only in accordance with the provisions of the Restrictive Covenants and these By-Laws.
- 7.3 Notice of Recommended Contributions to Owner. On or before February 1 of each year, the Board of Directors shall notify in writing each Member of the recommended amount of the annual contribution for the succeeding fiscal year. It shall be the general duty of the secretary and treasurer to provide notice.
- 7.4 Duties of Treasurer. The treasurer shall keep detailed records of all receipts and expenditures. The treasurer shall keep an accurate record of contributions and donations by each Member. The books and accounts shall be kept in accordance with generally accepted accounting procedures under the direction of the treasurer. At the close of each year the books and records of the Board of Directors shall be reviewed. The books and accounts of the Association shall be available for inspection at the office of the Association by any Member or his authorized representative during reasonable and regular business hours.
- 7.5 Limitation Upon the Board of Directors. No single capital improvements exceeding in value or in cost the sum of One Thousand (\$1000) Dollars shall be made by the Board of Directors without the same having been first voted on and affirmatively approved by a majority of those present and voting in person or by proxy at a meeting of the Association duly called pursuant to Article 3 of these By-Laws.

7.6 Failure to Estimate Expenses. In the event of failure by the Board of Directors to estimate the annual expense, the estimated expenses of the then current year shall continue until a new estimate is fixed.

ARTICLE 8
COLLECTION OF CONTRIBUTIONS

8.1 Due Date. Annual contributions for maintenance expenses, as determined by the Board of Directors, may be paid by Members upon notification of the recommended contribution. The annual contribution may be made in whole or in twelve (12) monthly contributions as stated in the notice.

ARTICLE 9
LITIGATION

9.1 Actions Against the Board. Complaints brought against the Board of Directors or its officers, employees, or agents in their respective capacities shall be directed to the Board of Directors. The Board of Directors shall promptly give written notice of the bringing of the Complaint to all Members. Such action shall be defended by the Board of Directors and the Members shall have no right to participate in such action other than the Board of Directors.

ARTICLE 10
COVENANT COMPLIANCE

It shall be the responsibility of the Board of Directors to encourage compliance with the Restrictive Covenants for Phases 1-7 of Mallard Baye Subdivision.

10.1 Legal Proceedings. In order to abate and restrain violations by Members of these By-Laws or any rule or regulation adopted pursuant thereto, the Board of Directors shall have the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity of such breach.

ARTICLE 11
CONSTRUCTION OF BY-LAWS

11.1 Severability. The provisions of these By-Laws shall be deemed independent and severable and the invalidity or partial unenforceability of one provision shall not invalidate any other provision. Said provisions have been captioned for the purpose of convenience and for reference. Such captions do not define, limit or describe the scope of these By-Laws, nor the intent of any provision hereof.

- 11.2 Conflict and Subordination. In the case of any conflict between the Restrictive Covenants and these By-Laws, the Restrictive Covenants shall control.

ARTICLE 12
AMENDMENT OF BY-LAWS

- 12.1 Vote Required. As provided herein Article 3, Section 3.2, Owners representing a majority of the total Members of the Association may, at a meeting duly called for that purpose, modify the system of administration of the subdivision and may amend these By-Laws.
- 12.2 Limitation of Amendment. These By-Laws may not be amended so as to omit any of the following particulars:
- A. A form of administration for the Association of the Subdivision;
 - B. That a majority of Members is required to adopt decisions;
 - C. A method of care and upkeep of Association areas; and,
 - D. A manner of accepting contributions from Owners for payment of expenses.