

**BY-LAWS
OF
CHIPS CROSSING HOMEOWNERS' ASSOCIATION**

Name and location: The name of the corporation is CHIPS CROSSING HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "ASSOCIATION." The principal office of the corporation shall be located at 8400 Norway Street, Knoxville, TN 37931, but meetings of the members and directors may be held at such places within the State of Tennessee, County of Knox, as may be designated by the Board of Directors.

DEFINITIONS

Section 1. "ASSOCIATION" shall mean and refer to CHIPS CROSSING HOMEOWNERS' ASSOCIATION, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Lot" shall mean and refer to any numbered Lot of land shown upon any recorded subdivision plat of the Property, with the exception of the Common Areas and the Joint Permanent Easement.

Section 4. "Owner(s)" shall mean and refer to the record Owner(s), whether one (1) or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of any obligation.

Section 5. "Declarant" shall mean and refer to Carlton Enterprises, Inc., a corporation organized and existing under the laws of the State of Tennessee, its successors and/or assigns.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Register of Deeds of Knox County, Tennessee.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Lender" as used herein shall mean and be defined as any lender, whether institutional investor, bank, savings and loan association, or loan broker, whose loan is secured by a Lot in the Property and shall include, without limitation, the Secretary of Housing and Urban Development, acting by and through the Federal Housing Administration (FHA), the Secretary of the Veterans' Administration (VA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation.

Section 9. "Common Areas" shall mean all real property (including the improvements thereto) owned by the ASSOCIATION for the common use and enjoyment of the Owner(s). The Common Areas to be owned by the ASSOCIATION at the time of the conveyance of the first Lot is described in "Exhibit A" attached hereto and made a part hereof.

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the ASSOCIATION. *Subsequent annual meetings of the members shall be held in June of each year, on a day to be determined by the Board of Directors and announced at least thirty (30) days in advance.*

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4th) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing

on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Charter of the Association, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than an announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his/her Lot.

DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of nine (9) directors, who need not be members of the Association.

Section 2. Term in Office. At the first annual meeting, the members shall elect three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years and three (3) directors for a term of three (3) years; and at each annual meeting thereafter the members shall elect three (3) directors for terms of three (3) years each.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

Section 4. Compensation. Directors shall not receive compensation for any service they may render to the Association. However, any director may be reimbursed for their actual expenses incurred in the performance of their respective duties.

Section 5. Action Taken without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 6. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made *by homeowners in a manner and time to be prescribed by the Board*. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 7. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 8. Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors after not less than three (3) days written notice to each director. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 9. Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the common areas and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use the common areas recreational facilities

of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed 60 days for infraction of published rules and regulation;

- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Charter of the Association, or the Declaration of Covenants, Conditions and Restrictions;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary and prescribe their duties.

Section 10. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Class A members who are entitled to vote;
- (b) supervise all officers, agents and employees of the Association and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) establish the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period; and
 - (2) send written notice of each assessment to all owner(s) subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or bring an action at law against the owner(s) personally obligated to pay the same;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (g) cause the exterior of the residential dwellings to be maintained.

OFFICERS

Section 1. Enumeration of Offices. The officers of the Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Officers' Duties.

- (a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.
- (b) The vice-president shall act in the place and stead of the president in the event of his/her absence, inability or refusal to act as required of him/her by the Board.
- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Charter of the Association, and the By-Laws of the Association shall be available for inspection by any member of the Association at the principal office of the Association, where copies may be purchased at reasonable cost.

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the ASSOCIATION may bring an action at law against the owner(s) personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Owner(s) may not waive or otherwise escape liability for the assessments provided for herein by nonuse of any Common Areas or abandonment of his/her Lot.

AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of members present in person or by proxy; provided that as long as a Class B membership exists in the Association, any amendment of these By-Laws shall be approved in writing by the Veterans' Administration and the Federal Housing Administration.

Section 2. In the case of any conflict between the Charter of the ASSOCIATION and these By-Laws, the Charter shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

MISCELLANEOUS

Section 1. The fiscal year of the ASSOCIATION shall begin on the first (1st) day of *June* and end on the thirty-first (31st) day of *May* of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. The ASSOCIATION shall not have a corporate seal.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of CHIPS CROSSING HOMEOWNERS' ASSOCIATION, have hereunto set their respective hands this 30th day of May 2005.

CHIPS CROSSING HOMEOWNERS' ASSOCIATION

By: *Patricia Sams*
Patricia Sams, President

By: *Sherry Harrington*
Sherry Harrington, Secretary

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the secretary of CHIPS CROSSING HOMEOWNERS' ASSOCIATION, whose principal office is in Knox County, Tennessee;

That the foregoing By-Laws constitute the revised By-Laws of said corporation, as duly approved by a majority vote of the membership of the Association, by written ballot, April 11, 2005.

IN WITNESS WHEREOF, I have hereto subscribed the name of the corporation by signing my name thereto as secretary this 30th day of May 2005.

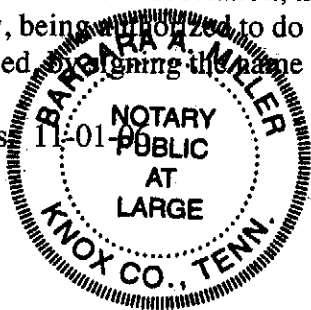
Sherry Harrington
Sherry Harrington, Secretary

This instrument prepared for recording by:
Chips Crossing Homeowners' Association
8400 Norway Street
Knoxville, TN 37931

STATE OF TENNESSEE
COUNTY OF KNOX

Before me personally appeared Patricia Sams and Sherry Harrington, with whom I am personally acquainted and who, upon oath, acknowledged themselves to be the President and the Secretary of Chips Crossing Homeowners' Association, the within named Association, and that as such President and Secretary, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the ASSOCIATION.

My commission expires 11-01-



B Miller
Notary Public