

RECEIVED
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FILED
CHARTER
OF
THE ENCLAVE OWNERS' ASSOCIATION, INC.

RILEY D. DANIELL
SECRETARY OF STATE

Pursuant to Section 48-52-102 of the Tennessee Nonprofit Corporation Act, the undersigned incorporator adopts the following being qualified so to act:

1. The name of the Corporation is **THE ENCLAVE OWNERS' ASSOCIATION, INC.**
2. The Corporation is a mutual benefit corporation, not a religious corporation and will have members.
3. The address of the Corporation's initial registered office, located in Knox County, Tennessee, shall be **4820 Old Kingston Pike, Knoxville, TN 37919** and the Corporation's initial registered agent at the office is **Lewis S. Howard, Jr.**
4. The name of the incorporator is Lewis S. Howard, Jr. and his address is 4820 Old Kingston Pike, Knoxville, Tennessee 37919.
5. The address of the initial principal office of the Corporation in the State of Tennessee shall be 4820 Old Kingston Pike, Knoxville, TN 37919.
6. The Corporation is not for profit.
7. The Corporation shall have members. Members shall be owners of Units in The Enclave ("Condominium") and shall be admitted to membership in accordance with the criteria and procedures established in the Master Deed and By-Laws of the Corporation, and no other persons or legal entities shall be entitled to membership.
8. Upon the dissolution of the Corporation;
 - (a) all liabilities and obligation of the Corporation shall be paid and discharged, or adequate provision shall be made therefor;
 - (b) assets held by the Corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of dissolution, shall be returned, transferred, or conveyed in accordance with such requirements; and
 - (c) all remaining assets of the Corporation shall be disposed of exclusively for the purpose of the Corporation.
 - (d)
9. The purpose for which the Corporation is organized is to operate and manage the Condominium for the use and benefit of the owners of units in the Development, as the agent of such owners. A Master Deed has been or will be recorded

Page: 35 OF 51
200812290040057

Knox County Page: 1 of 3
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EXHIBIT E

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in the Register's Office for Knox County, Tennessee, pursuant to the Horizontal Property Act, codified at Tennessee Code Annotated Sections 66-27-101, et seq. (the "Master Deed"). As used herein, the term "Development" refers to the horizontal property regime to be established by the Master Deed.

10. The Corporation shall continue to exist as long as the Condominium shall be in existence unless sooner dissolved or terminated.

11. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to, its directors, officers or members, except that the Corporation shall be authorized and empowered to reimburse officers, directors and members for expenses incurred in performance of the Corporation's business and to make payments and distribution in furtherance of the purposes set forth hereinabove.

12. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in, including the publishing or distribution of statements, any political campaign on behalf of any candidate for public office.

13. The Corporation shall be empowered to operate and manage the Development and other facilities for the use and benefit of the owners of the units in the Development, as the agent of such owners.

14. The Corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporations of a similar character by the provisions of Section 48-51-101, et seq., Tennessee Code Annotated, entitled "Tennessee Nonprofit Corporation Act" now and hereafter in force, and to do any and all things necessary to carry out its operations as a natural person might or could do.

15. All funds and the titles of all interest in properties acquired by the Corporation, whether fee simple or leasehold in nature, and the proceeds thereof shall be held in trust for the owners of the units in the Development in accordance with the provisions of the Master Deed and its supporting documents.

16. All of the powers of the Corporation shall be subject to and shall be exercised in accordance with the provisions of the Master Deed together with its supporting documents, which govern the use of the Development to be operated and administered by the Corporation.

17. The incorporators, members and directors of the Corporation shall have the right to take any action required or permitted by vote without a meeting by written consent pursuant to the provisions of the Tennessee Code Annotated Sections 48-57-104 and 48-58-202.

18. The interest of any member in any part of the real property of the Corporation or in the funds and assets of the Corporation cannot be conveyed, assigned,

Page: 36 OF 51
200812290040057

2

Page: 2 OF 3
200812230039167

Partnership (The Enclave) Condo Docs/Charter.doc


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mortgaged, hypothecated, or transferred in any manner, except as an appurtenance to a unit in the Development.

19. Voting by the members of the Corporation in the affairs of the Corporation shall be on the basis of one vote for each unit of the Development; provided, however, that until the Developer, as defined in the Master Deed and its supporting documents, has sold a specified percentage of the units of the Development, the Developer shall retain and reserve certain special voting rights as provided in the Master Deed and the By-Laws of the Corporation.

20. The provisions of this Charter may be amended, altered or repealed from time to time in accordance with the provisions of the Master Deed and the By-Laws of the Corporation and in the manner prescribed by the Tennessee Nonprofit Corporation Act, Tennessee Code Annotated Sections 48-51-101 et seq., and any additional provisions so authorized may be added hereto; provided that the provisions of this Charter shall not be changed, modified, repealed, or expanded in such a manner as to be inconsistent with the purposes for which the Corporations is formed.

IN WITNESS WHEREOF, this 11th day of December, 2008.



Lewis S. Howard, Jr., Incorporator


Page: 3 OF 3

200812230039167


Page: 37 OF 51
200812290040057

BYLAWS
OF
THE ENCLAVE
OWNERS ASSOCIATION, INC.

Name. The name of this corporation is The Enclave Owners Association, Inc. (the "Association"). Its principal place of business is 4820 Old Kingston Pike, Suite 200 Knoxville, Tennessee 37919. The Association may have such other offices within or without the State of Tennessee as the Board of Directors or the Owners may from time to time designate.

Section 1. **Purpose.** The purpose of the Association is to administer on a non-profit basis, and through a Board of Directors, The Enclave Condominium; to elect the Board of Directors; to amend and supplement from time to time these Bylaws and the system of administration; and to do and perform any and all other things, matters, or acts required by or permitted by the Owners or an assembly or council under The Horizontal Property Act of the State of Tennessee, T.C.A. § 66-27-101, et seq.

ARTICLE I

Section 1. **Applicability.** These Bylaws and each provision thereof shall be applicable to all Owners of Units as defined in the Master Deed for The Enclave Condominium recorded in the Register's Office of Knox County, Tennessee (the "Master Deed"). All capitalized terms not otherwise defined herein shall have the respective meaning ascribed thereto in the Master Deed.

ARTICLE II

Section 1. **Eligibility.** The Owner or Owners of a Unit, who have become such in compliance with all of the requirements and conditions contained in the Master Deed, including these Bylaws, shall be entitled to attend and vote at all meetings of the Association. The Developer shall be considered the Owner of each Unit which is unsold by it. Ownership of a Unit shall be the sole qualification for membership in the Association.

Section 2. **Voting Rights.** The Owner or Owners of a Unit shall be entitled to vote at all meetings of the Association, as provided in Section (f) of Article XXII of the Master Deed. Where two or more persons own a Unit, the vote allocated to that Unit shall be cast by the one authorized by such two or more Owners, and in the event of failure of such authorization, no vote shall be recorded for that Unit. Where only one of two or more Owners of a Unit is present in person at a meeting, such one shall be presumed to be authorized by all Owners of said Unit and shall be entitled to cast the vote with respect for that Unit. Where one person or a group of persons owns more than one Unit, such person or group shall be entitled to cast one (1) vote for each Unit owned.

Section 3. Corporation as Owner. In the event a partnership, trustee, corporation or other entity owns a Unit or Units, after having complied with all conditions precedent contained in the Master Deed, including these Bylaws, the votes of such may be cast by a partner, trustee or officer of the same or by any person authorized in writing by a partner, trustee or officer thereof, to represent the same.

ARTICLE III

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office or the place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of the Association shall be held at 6:00 P.M. on the 15th of November of each year, beginning in accordance with Article V hereof, at a place designated in writing to the Owners of all Units, for the purpose of appointing or electing a Board of Directors and of transacting any other business authorized to be transacted by the Owners; provided, however, that if such day is a legal holiday, then the meeting shall be held at the same hour on the next following business day.

Section 3. Special Meetings. Special meetings of the Association shall be held whenever called by the President, the Board of Directors or by the written request of Owners holding at least twenty five percent (25%) of the total votes of the Association. When a special meeting is so called, the Secretary shall mail or deliver written notice of the meeting to all Owners.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the date, time and place (and purpose, in the case of special meetings) thereof, to each Owner of a Unit(s) of record, at his or her address as it appears on the membership book of the Association, if any, or if no such address appears, at his or her last known place of address, at least ten (10) days but no more than two (2) months prior to such meeting. Proof of such mailing or delivery may be given by the written statement of the Secretary or other person giving the notice. Attendance by an Owner of a Unit at any meeting of the Owners shall be a waiver of notice by him or her of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of Owners representing at least fifty-one percent (51%) of the total votes entitled to be cast with respect to any question, shall be requisite, and shall constitute a quorum, for the transaction of business at all meetings of Owners. If the number of Owners at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meeting. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the Owners, each of the Owners of Unit(s) shall have the right to cast his or her vote on each question. The vote, in person or by proxy, of Owners representing a fifty-one percent (51%) majority of the total votes entitled to be cast with respect to any decision required to be approved by the Owners shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Charter of Incorporation, or of the Master Deed, or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. No Owner shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. Votes may be cast in person or by proxy. Proxies, to be valid, shall be in writing for the particular meeting designated therein and any adjournments thereof and shall be filed with the secretary of the Association prior to the meeting.

Section 9. Action Without Meeting. Whenever the vote of Owners at a meeting thereof is required or permitted to take any action in accordance with any statute, the Master Deed or these Bylaws, such meeting and vote may be dispensed with if all Owners who would have been entitled to vote upon such action receive a written ballot from the Association. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approvals shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equal or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 10. Order of Business. The order of business at all regularly scheduled meetings of the Owners shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.

- (d) Reports of Officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business.
- (h) Election of directors.

In the case of a special meeting, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE IV

Section 1. Number of Qualification. The administration of the Association, its business and affairs, and management of the Common Elements shall be vested in its Board of Directors, which shall consist of at least three (3) persons, a majority of whom shall be Owners in The Enclave, or in the event of Ownership of a Unit by a partnership, trustee, corporation or other entity, a partner, trustee, officer or other designated representative thereof.

Section 2. Initial Directors. The initial Directors shall be elected by the Developer and need not be Owners of the Association. The names of the Directors who shall act as such from the date upon which the Master Deed is recorded in the Register's Office of Knox County, Tennessee, until the first annual meeting of the Owners or until such time as their successors are duly chosen and qualified are as follows:

Lewis S. Howard, Jr.
Robert S. Talbott
Dallis H. Howard


Page: 41 OF 51
200812290040057

Section 3. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and of The Enclave and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Owners. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

- (a) To hold title to and possession of funds and property, including the maintenance funds and other assessments and including title to any purchased Unit or purchased leasehold interest pursuant to the powers hereinabove conferred, as trustee for the use and benefit of the Owners of Units;

(b) To make and collect maintenance fund assessments against Owners to defray the costs of the condominiums, including, without limitation, all costs and expenses of maintaining, repairing, replacing, improving, altering, operating and administering the roofs and exteriors of the Units and the Common Elements and of engaging all necessary service and employees therefor;

(c) To use the proceeds of assessments in the exercise of its powers and duties;

(d) To oversee the maintenance, repair, replacement, operation and administration of the condominium property, including the roofs and exteriors of the Units and the Common Elements;

(e) To oversee the reconstruction of the improvements after casualty and the further improvements of the property, including buildings and Common Elements;

(f) To make and amend regulations respecting the use of the property in the condominium, including the buildings and Common Elements;

(g) To enforce by legal means, or otherwise, the provisions of the Master Deed, including the Bylaws and the regulations for the use of the property;

(h) To contract for the management of the Association and to delegate to a manager the management duties of the Board of Directors, to be performed by such manager under the supervision of the Board of Directors;

(i) To pay any taxes and assessments which are liens against any part of the property other than individual Units and the appurtenances thereto and to assess the same against the Unit subject to such liens; to oppose the levying of any such taxes;

(j) To carry insurance for the protection of Owners and the Board of Directors against casualty and liabilities;

(k) To pay the cost of all power, water, sewer and other utility services rendered to the Association and not billed to Owners of individual Units;

(l) To employ personnel for reasonable compensation to perform the services required for proper administration of the Association, including, without limitation, auditors, attorneys, bookkeepers and managers;



(m) To contract for treatment of the condominium development against termites and other damage causing insects or organisms, with the cost to be paid through the monthly assessments;

(n) To designate, hire and/or dismiss the personnel necessary for the good working order of The Enclave and to provide services for the community in a manner consistent with law and the provisions of these Bylaws and the Master Deed; and

(o) To take such other and additional actions as may be deemed advisable to carry out the intent and purposes hereof.

Section 4. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Owners. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Owners, 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 Owners or non-Owners.

Section 5. Election and Term of Office.

(a) The term of the Directors named herein shall expire when their successors have been elected at the first meeting of Owners and are duly qualified. No later than the date that the Developer has sold and conveyed Units that represent a total of eighty percent (80%) or more of the undivided interests in the Common Elements, the Owners shall meet, and at such meeting Owners other than Developer shall elect one-third (one) of the Directors and the Developer shall elect the other two-thirds (two) of the Directors, which three Directors shall serve until the meeting described in the next paragraph.

(b) Within the earlier of (i) four (4) months after one hundred percent (100%) of the Units have been conveyed to unit purchasers; or (ii) five (5) years after the first Unit is conveyed to a unit purchaser, all Owners shall meet, including Developer, and shall elect three (3) Directors to replace all of those Directors earlier elected or designated by the Owners or Developer, respectively. At least a majority of the Directors (i.e., at least two (2) Directors) shall be elected by the Owners other than the Developer. The terms of the three (3) Directors shall be staggered so that the terms of one-third (one) of the Directors will expire and a successor will be elected at each annual meeting of the Owners thereafter. At such annual meetings, a successor to the Director whose terms then expire shall be elected to serve terms lasting for a period of three years or until his or her successor has been elected and duly qualified.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Owners shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected by the Owners at the next annual meeting.

Section 7. Removal of Directors. At a regular meeting, or special meeting duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of Owners representing at least two-thirds (2/3) of the total votes of Owners present (but in no event by less than the affirmative vote of Owners representing a fifty-one percent (51%) majority of the total votes entitled to be cast) and a successor may then and there be elected to fill the vacancy thus created. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Compensation. No compensation shall be paid to any Director for services as such, except upon approval by a majority of the total votes of the Owners at a meeting of the Owners. Any member of the Board may be reimbursed for expenses actually incurred by him upon approval by the Board. This provision shall not preclude, however, the Board of Directors from employing an independent contractor for some or all of the above services or employing an officer or administrator as an employee of the Association, such as manager or as a bookkeeper, auditor, attorney or the like.

Section 8. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 9. Regular Meetings. 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. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, telegraph or facsimile, at least two (2) days prior to the day named for such meeting unless such notice is waived.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) Directors on at least two (2) days' notice to each Director, given personally or by mail, telephone, telegraph or facsimile, which notice shall state the date, time, place and purpose of the meeting.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present



and remain present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors the presence of a majority of the Directors entitled to vote shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Without Meeting. Any action of the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to take such action without a meeting. Such written consent or consents describing the action taken and signed by each Director shall be filed with the minutes of the proceedings of the Board of Directors. If all Directors consent to taking such action without a meeting, the affirmative vote of the number of Directors that would be necessary to take such action at a meeting is the act of the Board.

Section 14. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for the Association's trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE V

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the first annual meeting of members, the officers of the Association need not be members of the Association. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

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

Section 4. President. The President shall be the chief executive officer of the Association. He or she shall execute contracts and agreements in the name and behalf of the Board



when directed by the Board. He or she shall preside at all meetings of the Owners and of the Board of Directors. He or she shall have all of the general 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 membership from time to time as such person may, in his or her discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him or her by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Owners of the Association; he or she shall have custody of the seal of the Association, if any; have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and shall, in general, perform all duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Compensation. No compensation shall be paid to any officer for services as such, except upon approval by a majority of the total votes of the Owners. Any officer may be reimbursed for expenses actually incurred by him or her upon approval by the Board.


Page: 46 OF 51
200812290040057

ARTICLE VI

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding) if approved by the then Board of Directors of the Association to which he or she may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Owners of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract

or other commitment made by them, in good faith, on behalf of the Association or of The Enclave (except to the extent that such officers or Directors may also be Owners of Units), and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Association and the planned development. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association (including the Developer) in which one or more of the Directors of this Association are Directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at a meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; and

(b) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction with like force and effect as if he or she were not such Director or officer of such other corporation or not so interested.


Page: 47 OF 51
200812290040057

ARTICLE VII

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, and operate the affairs of the Association and, for the benefit of the Units and the Owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein and elsewhere provided for, the following:

(a) The cost of such insurance as the Association may effect from time to time

(b) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Association and The Enclave.

(c) The cost of any and all materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association secures in the discretion of the Board of Directors or by the vote of the Owners shall be deemed necessary or proper.

(d) The cost of the maintenance or repair on any Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the general common area or to preserve the appearance or value of The Enclave or is otherwise in the interest of the general welfare of all Owners of the Units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Unit proposed to be maintained and provided, further, that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be sent promptly to the then Owner of said Unit at which time the assessment shall become due and payable and a continuing lien and obligation of said Owner.

(e) All other items which are listed as responsibilities of the Association as found in the Master Deed.

Section 2. Right of Entry. For the purpose solely of performing any of the repairs or maintenance required or authorized by these Bylaws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the Unit Owner or occupant, to enter upon any Unit at any hour considered to be reasonable under the circumstances.

Page: 48 OF 51
200812290040057

ARTICLE VIII

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association, which shall begin at the date of incorporation. The commencement day of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practice. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting The Enclave and its administration and shall specify the maintenance and repair expenses

incurred. That amount of any assessment required for payment of any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-In-Surplus" account as a capital contribution by the Owners.

Section 3. Reports. The Association shall furnish its Owners, and the holder of first mortgages requesting same within ninety (90) days from the date of close of each fiscal year, with an annual financial statement, including the income and disbursements of the Association.

Section 4. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the Owners, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Unit and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interest as Owners.

Section 5. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents, or other persons as are from time to time so authorized by the Board of Directors.

Section 6. Employment of Management Company. The Association shall be authorized to employ a management company to aid the Association in carrying out its duties and responsibilities. Prior to passage of control of the Association from the Developer, no management or service contract shall be entered into unless there is a right of termination, without cause, upon ninety (90) days' written notice.

ARTICLE IX

Section 1. Amendments. These Bylaws and the system of administration may be amended by the affirmative vote of (i) Owners representing at least two-thirds (2/3's) of the total votes entitled to be cast at any meeting of the Owners duly called for such purpose, and (ii) the Developer, so long as the Developer owns any Unit and only after thirty (30) days' prior written notice to the institutional holders of all first mortgages on the Units in The Enclave. Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least thirty percent (30%) of the total number of votes entitled to be cast. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon. The said system of administration and these Bylaws, however, may only be amended in such manner that all of the provisions required by the Code of Tennessee to be within the contents of the Bylaws shall always be embodied in the Bylaws. No such modification or amendment of a system of administration or of these Bylaws shall be operative unless and until it is

embodied in a written instrument and is recorded in the Register's Office of Knox County, Tennessee.

ARTICLE X

Section 1. Notice to Board of Directors. Any Owner of any Unit who mortgages such Unit shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States government, or any agency thereof.

ARTICLE XI

Section 1. Notices. Unless another type of notice is herein or elsewhere specifically provided for, any and all notices called for in the Master Deed or these Bylaws shall be given in writing.

Section 2. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 3. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 4. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to licit or enlarge the terms and provisions of the Bylaws.

Section 5. Gender, Etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Section 6. CONFLICTS. THESE BYLAWS ARE SUBORDINATE TO ALL PROVISIONS OF THE MASTER DEED. ALL OF THE TERMS HEREOF, EXCEPT WHERE CLEARLY REPUGNANT TO THE CONTEXT, SHALL HAVE THE SAME MEANING AS IN THE MASTER DEED. IN THE EVENT OF ANY CONFLICT BETWEEN THESE BYLAWS AND THE MASTER DEED, THE PROVISIONS OF THE MASTER DEED SHALL CONTROL, AND IN THE EVENT OF ANY CONFLICT BETWEEN THE AFORESAID MASTER DEED AND ANY OF THE LAWS OF THE STATE OF TENNESSEE, THE PROVISIONS OF THE STATUTE SHALL CONTROL.


Page: 51 OF 51
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