

## **EXHIBIT "C"**

### **BY-LAWS OF CHASE MEADOWS CORPORATION**

#### **ARTICLE I - NAME AND LOCATION**

The name of the Corporation is CHASE MEADOWS CORPORATION, hereinafter referred to as the "Association". The principal office of the Corporation shall be located at 181 Peppertree Drive, Kingsport, Sullivan County, Tennessee, 37664 or at such other place as the Corporation may designate from time to time, but meetings of members and directors may be held at such places within the State of Tennessee, as may be designated by the Board of Directors.

#### **ARTICLE II - DEFINITIONS**

**Section 1. Definitions.** The following words when used in these By-Laws or any amendments thereto (unless the context shall prohibit) shall have the following meanings:

- (a) "Association" shall mean and refer to CHASE MEADOWS CORPORATION, its successors and assigns.
- (b) "The Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to these By-Laws or any amendments thereto under the provisions of the Declaration, these By-Laws and any other instruments or deeds bringing property within the jurisdiction of the Association.
- (c) "Common Properties" or "Common Areas" shall mean and refer to those areas of land shown on any recorded plat of The Properties and/or designated as such in the Declaration or in any deed to the Association, and intended to be devoted to the common use and enjoyment of the owners of all Private Elements in The Properties, and shall include Limited Common Areas shown on any such plat and/or designated as such in the Declaration or in any deed to the Association, even though reserved for the limited use of the Owners of the Private Elements (Lot or Unit) adjacent thereto and/or rationally of limited use for less than all of said Lots or Units.
- (d) "Private Elements" shall mean and refer to any and all parcels of real estate shown upon any recorded map of The Properties upon which a Home or Unit and the improvements associated therewith will be located and for which fee simple ownership and exclusive use is reserved to that Home or Unit only, and fee simple ownership thereof may be conveyed.

(e) "Home" or "Unit" shall mean or refer to any portion of a building situated upon The Properties, and shall be conveyed with any Private Element whether or not so specifically stated.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities of any Private Element, including any Home or Unit located thereon, situated upon The Properties but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgage unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosing.

(g) "Member" shall mean and refer to all those Owners who are members of the Association, as provided in Article III, Section 1, of the Declaration.

(h) "Developer" shall mean and refer to Chase Meadows Development, LLC, his heirs and assigns.

(i) "Declaration" shall mean and refer to the Declaration of Protective Covenants, Conditions and Restrictions for Chase Meadows applicable to The Properties recorded in the office of the Register of Deeds for Sullivan County, Tennessee.

### **ARTICLE III - MEMBERSHIP AND PROPERTY RIGHTS**

**Section 1. Membership.** Every owner of a Private Element shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Private Element. Voting rights of the Members shall be as provided in the Declaration and as may be set out herein.

**Section 2. Property Rights.** Each member shall be entitled to the use and enjoyment of the Common Area and any associated facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area and associated facilities to the members of his family, his tenants, or contract purchasers who reside in the Home (herein the "delegate") with prior approval of the Board of Directors. Such Member shall notify the Secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegate are subject to approval and suspension by the Board of Directors to the same extent as those of the Member.

**Section 3. Ownership in The Association.** Each Owner of a Private Element shall own an equal share of the total membership in the Association.

### **ARTICLE IV - MEETING OF MEMBERS**

**Section 1. Annual Meetings.** Regular annual meetings of the Members shall be held at a date, time and place established by the directors. Notice of the meeting must be given as required by Section 3.

**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 who hold one-fourth (1/4) of all the votes of the Class A voting members.

**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 the 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, 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. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

**Section 4. Quorum.** The presence at the meeting of Members or of proxies entitled to cast, one-fourth (1/4) of the votes of each voting class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at such meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The President shall preside over all meetings of the Members.

**Section 5. Proxies.** At all meetings of the 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 of the Member of his or her Private Element.

#### **ARTICLE V - BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE**

**Section 1. Number.** The affairs of this Association shall be managed by a Board of at least three (3) directors, who need not be Members.

**Section 2. Term of Office.** At each annual meeting of the Members, the Members shall elect the number of directors necessary to replace the directors whose terms will be expiring. However, directors may serve consecutive terms. All directors will be elected to serve two (2) year terms.

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

**Section 4. Compensation.** No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual

expenses incurred in the performance of his duties; provided, however, the Board may employ a director to manage the business affairs of the Association, and pay the director for his services as manager.

## **ARTICLE VI - NOMINATION AND ELECTION OF DIRECTORS**

**Section 1. 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 of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members. 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 2. Election.** Election to the Board of Directors shall be by secret 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.

## **ARTICLE VII - MEETINGS OF DIRECTORS**

**Section 1. Regular Meetings.** Regular meetings of the Board of Directors shall be held annually 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; provided, however, if the Board shall agree to meet on such legal holiday, any action taken by it shall be valid and binding.

**Section 2. Special Meetings.** 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' notice to each director.

**Section 3. Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board.

## **ARTICLE VIII - POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

**Section 1. Powers.** The Board of Directors shall have the power to:

- (a) Adopt and publish Rules and Regulations governing the use of the Common Area and associated 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 of the recreational or associated 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 sixty (60) days for infraction of published Rules and Regulations;

(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 Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent, without good reason, from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) Employ attorneys to represent the Association when deemed necessary; and

(g) Take any action required or permitted to be taken under the Tennessee Non-profit Corporation Act, as amended, or as permitted by law.

**Section 2. 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;

(b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of all annual or special assessments against each Private Element at least thirty (30) days in advance of each annual or special assessment period;

(2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual or special assessment period; and

(3) Foreclose the lien against any Private Element for which assessments or other charges are not paid within thirty (30) days after due date, or to bring an action at law against the Owner 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 by the Board for the issuance of these certificates. If a certificate states that an assessment is paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability insurance covering the Association, its directors, officers, agents, and employees, and to procure and maintain adequate hazard insurance on the real and personal property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Provide for the operation, care, upkeep, surveillance and maintenance of the Common Areas and to employ and dismiss all personnel necessary to accomplish the same.

#### **ARTICLE IX - OFFICERS AND THEIR DUTIES**

**Section 1. Enumeration of Officers.** The Officers of this Association shall be a President, and a Secretary, and such other officers as the Board may from time to time by resolution elect.

**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 two (2) years and until his successor is elected and qualified 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 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 replaced.

**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 (1) of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

**Section 8. Duties.** The duties of the officers are as follows:

**PRESIDENT**

(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, including all promissory notes. The President shall perform such other duties as required by the Board.

**VICE-PRESIDENT**

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

**SECRETARY**

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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.

**TREASURER**

(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 checks 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 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. The Treasurer shall perform the duties as provided by Article VIII, Section 2(d), and establish the charge therefor until the Board of Directors shall change either who shall perform this function or shall change the charge to be made.

**ARTICLE X - COMMITTEES**

The Board of Directors may appoint an Environmental Quality 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.

## **ARTICLE XI - 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 Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association where copies may be purchased at a reasonable cost.

## **ARTICLE XII - ASSESSMENTS**

The assessments to be made against each Private Element shall be as set forth in the Declaration. Members shall pay an extra \$100.00 late charge on assessments or fees not paid with thirty two (32) days from billing. This late charge amount may be increased or decreased by action of the Board of Directors.

## **ARTICLE XIII - AMENDMENTS**

**Section 1.** These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3) of Members present in person or by proxy. Any such Amendment shall be in writing and shall be recorded in the same manner as these By-Laws.

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

**Section 3. Emergency Action.** If the Board, at a special called meeting, determines that emergency action must be taken, and if such action is a violation of a provision of either the Declaration, Articles of Incorporation, or these By-Laws, then minutes of such meeting shall be distributed to all Members within fifteen (15) days.

## **ARTICLE XIV - DIRECTORS' LIABILITY**

No director shall have any personal liability to the Corporation or its members for monetary damages for breach of fiduciary duty as a director. Provided, this provision shall not eliminate or limit the liability of a director: (a) for any breach of the director's duty of loyalty to the Corporation or its Members; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (c) for any unlawful distributions pursuant to Tenn. Code Ann. §48-58-304.

## **ARTICLE XV - INDEMNIFICATION**

The Corporation shall indemnify an individual made a party to a proceeding because he is or was a director of the Corporation against liability incurred in the proceeding if:

- (a) the director conducted himself in good faith; and
- (b) he or she reasonably believed: (i) in the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interest; and (ii) in all other cases, that his or her conduct was at least not opposed to its best interest; and



(c) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The determination of an individual's right to indemnification shall be made in the manner provided in Tenn. Code Ann. §48-58-506.

#### **ARTICLE XVI - DISSOLUTION**

Upon the termination, dissolution or winding up of the Corporation in any manner or for any reason, its assets, if any, remaining after payment (or provision for payment) of all liabilities of the Corporation shall be distributed to its Members on a pro-rata basis.

#### **ARTICLE XVII - FISCAL YEAR**

The fiscal year of the Corporation shall be the calendar year.

This \_\_\_\_ day of \_\_\_\_\_, 2008.

**Chase Meadows Development, LLC**

By: \_\_\_\_\_  
Kenneth W. Bates  
Its: Member

By: \_\_\_\_\_  
Anita Bates  
Its: Member

STATE OF TENNESSEE :  
: ss.  
COUNTY OF SULLIVAN :

Personally appeared before me, the undersigned, a Notary Public in and for the aforesaid state and county, Kenneth E. Bates and Anita Bates, with whom I am personally acquainted and who, upon oath, acknowledged themselves to be the sole members of CHASE MEADOWS DEVELOPMENT, LLC, the within-named bargainer, a Tennessee limited liability company, and that they, as sole members, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Company by themselves.

WITNESS my hand and official seal at office this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires:

\_\_\_\_\_

**ATTORNEY'S OPINION**

The undersigned, being an attorney licensed to practice law in the State of Tennessee and who has been so licensed since 1972, hereby certifies to Chase Meadows Development, LLC, and to no other person, firm, corporation or organization, that he has reviewed the legal documents which have been prepared incident to the establishment of a Planned Unit Development located in the 13th Civil District of Sullivan County, Tennessee, known as Chase Meadows. In particular, he has reviewed the following documents:

1. A Declaration of Protective Covenants, Conditions and Restrictions for Chase Meadows, a Planned Unit Development, to which this opinion letter is attached;

2. The By-Laws of Chase Meadows Corporation which are attached as Exhibit "C" to the aforementioned Declaration;

3. The subdivision plat of Chase Meadows, Phase One, which plat is of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Plat Book 52 at page 777;

4. The Charter of Chase Meadows Corporation, which Charter is of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Deed Book \_\_\_\_\_ at page \_\_\_\_\_; and

5. The Certificate by \_\_\_\_\_, a licensed practicing engineer, licensed in the State of Tennessee, certifying that the construction of the Units of the Planned Unit Development known as Chase Meadows, when completed, will be in substantial compliance with the local building codes for planned unit developments in Sullivan County, Tennessee, which Certificate is attached to this Opinion as Exhibit "1".

**EXHIBIT "D"**

After examining all of the above documents, the undersigned is of the opinion and hereby certifies to Chase Meadows Development, LLC, that all of the legal documents required for the creation of a Planned Unit Development pursuant to the Horizontal Property Act, Tennessee Code Annotated §66-27-101, et seq., are attached to this Opinion or are of record in the Sullivan County Register's Office as referenced above, that there has been substantial compliance with said Act as pertaining to private elements, and that a Planned Unit Development under the laws of the State of Tennessee and particularly the Horizontal Property Act, has been properly organized, constituted and created.

This opinion is being given to Chase Meadows Development, LLC, to satisfy the requirements of Tennessee Code Annotated §66-27-103(b), and is not intended for the benefit or use of any other person, firm, corporation or organization except to evidence that a legal opinion has been obtained from an attorney licensed to practice law in Tennessee as required by Tennessee Code Annotated §66-27-103(b).

This \_\_\_\_\_ day of \_\_\_\_\_, 2008.

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O. Taylor Pickard, Jr., Attorney

OF COUNSEL:

Wilson Worley Moore Gamble & Stout PC  
P. O. Box 88  
Kingsport, TN 37662



**CERTIFICATE**

The undersigned hereby certifies that he is a professional engineer licensed to practice in the State of Tennessee and has been so licensed since \_\_\_\_\_. The undersigned has reviewed the plans and specifications for the construction of the Planned Unit Development known as Chase Meadows. After reviewing these plans and specifications, the undersigned hereby certifies to Chase Meadows Development, LLC, the owner and developer of Chase Meadows, and to no other person, firm, corporation or organization, that the construction of the Planned Unit Development known as Chase Meadows, pursuant to said plans and specifications, will substantially comply with the local building codes for planned unit developments established by Sullivan County, Tennessee, and that upon the completion of this construction, this development will be in substantial compliance with such codes.

This Certificate is made to satisfy the requirements of Tennessee Code Annotated §66-27-104(b) and for no other purpose. This certificate may be relied upon by the law firm of Wilson Worley Moore Gamble & Stout PC, and its individual attorneys, in the preparation of any attorney's opinion that Chase Meadows, has been properly created as a planned unit development under the Horizontal Property Act, Tennessee Code Annotated §66-27-101, et seq., and the laws of the State of Tennessee.

This \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_

Witness:

\_\_\_\_\_

