

**BY LAWS**

**OF**

**DUNCAN WOODS HOMEOWNERS ASSOCIATION, INC.**

**A CORPORATION NOT FOR PROFIT**

SHERRY WITT  
REGISTER OF DEEDS  
KNOX COUNTY


**I. GENERAL PURPOSE**

Duncan Woods Homeowners Association, Inc. (hereinafter referred to as "Association") has been organized for the purpose of administering the operation and management of common property for the use and benefit of the lot owners in Duncan Woods Subdivision, a subdivision located in Knox County, Tennessee (hereinafter referred to as "Duncan Woods"), which is more particularly described in a Plat of Record creating such subdivision recorded or to be recorded in the Register's Office for Knox County, Tennessee. The Restrictive Covenants of Duncan Woods Subdivision is recorded in Inst. No. 200410260035111, Register's Office, Knox County, Tennessee. (the "Restrictions"). The developer's rights was transferred and assigned to the undersigned in Inst. No. 200502080062920, Register's Office, Knox County, Tennessee. The terms and provisions of these Bylaws are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in the Charter of Duncan Woods Homeowners Association, Inc., as amended (collectively, the charter of record in Inst. No. 200603230079347, Register's Office, Knox County, Tennessee) and the Restrictions. The terms and provisions of such Charter and Restrictions are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith. For purposes of these Bylaws, capitalized terms shall have the meaning set forth in the Restrictions unless otherwise stated or the context so requires. The Association shall perform the care and upkeep of common property, in the manner set out in the Restrictions. In Article XX (b) of the Restrictions, the Developer reserved the right to amend the Restrictions to provide for the formation of a property owner's association, the powers, duties and governance thereof and to provide for the imposition of assessments to fund the operations of such Association. The undersigned being all of the developers by assignment and the incorporator of Duncan Woods Homeowners Association do hereby accomplish those purposes by adopting the following Bylaws which shall be and operate as an amendment to the Restrictions of Duncan Woods of record in Inst. No. 20041026003511, Register's Office, Knox County, Tennessee.

**II. MEMBERSHIP AND VOTING RIGHTS**

A. Membership.

1. Class A Membership: During the Developer Control Period, the

  
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Developers shall control all of the votes for the corporation. The Developer Control Period shall be for seven (7) years after the recording of the Restrictions or until 100% of the lots have been sold to someone other than a developer or a contractor.

2. Class B Membership: After the Developer Control Period, any person or entity who is a record owner of a fee interest in a lot or lots shall automatically be a member of the Association (hereinafter referred to as "Member"). Each Lot is entitled to one vote in the affairs of the Association, so in the event one or more Members own a lot, the vote of the lot shall be cast by the Member named in a certificate signed by all of the Owners of the lot and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such Members shall not be considered in determining the requirement for a quorum, nor for any other purpose.

B. Change of Membership. Change of membership shall be accomplished by recording in the Knox County Register's Office a deed or other instrument establishing record title to a lot, and delivery to the Secretary of the Association of a certified copy of such instrument. The membership of the prior lot Owner in the Association shall be thereby terminated.

C. Suspension of Rights. The membership and voting rights of any Member may be suspended by the Board of Directors for any period during which any Assessment against the lot to which its membership is appurtenant remains unpaid; but upon payment of such Assessments, and any interest accrued thereon, its rights and privileges shall be restored as of the date of payment. Further, if Rules and Regulations governing the use of the Property and the conduct of persons thereon have been adopted and published, as authorized in these Bylaws, the rights and privileges of any person in violation thereof or in violation of the provisions hereof may be suspended at the discretion of the Board of Directors.

D. Proxies. Proxy ballots shall be permitted with respect to all elections of Directors, and all amendments to the Charter, the Master Deed or these Bylaws, or any other matter which is to come before a meeting of the membership of the Association. All proxies shall be in writing, signed by the individual Unit Owner or Owners (or in the case of joint owners by the person named in the certificate described in Section A of this Article II), or by his or her duly authorized representative(s) and delivered to the Secretary of the Association, or such other person as the President may designate, at least twenty-four (24) hours prior to the commencement of the meeting at which ballots are to be cast.

### III. MEETINGS OF MEMBERS

A. Place of Meetings. After the Developer Control Period, all meetings of the Members of the Association shall be held at the Property or at such other place convenient to the Members as may be

designated by the Board of Directors or the President.

B. First Annual Meeting and Regular Annual Meetings. After the Developer Control Period, all annual Members' meetings shall be held on the day and month of the year to be established by the Board of Directors. At such meeting, the election of Directors shall take place and the Members may transact such other business as may properly come before them.

C. Special Meetings. After the Developer Control Period, special meetings of Members may be called by the President whenever he or she deems such a meeting advisable or shall be called by the Secretary when ordered by a majority of the Board of Directors, or upon the written request of Members of the Association representing at least twenty-five percent (25%) of all votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted upon. Unless Members representing at least fifty percent (50%) of all votes entitled to be cast request such a meeting, no special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of the Association held during the preceding twelve (12) months, which determination shall be made in the sole and absolute discretion of the Board of Directors.

D. Notice. After the Developer Control Period, notice of all Members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other officer of the Association in absence of said officers, to each Member, unless waived in writing, such notice to be written or printed and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each Member not less than twelve (12) days nor more than thirty-five (35) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each Member within said time.

E. Quorum and Adjourned Meetings. A quorum at a Members' meeting shall consist of persons entitled to cast a majority of the votes of that particular Class Membership. In the absence of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time, until a quorum shall be present or represented.

F. Action by Written Consent. Whenever Members of the Association are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the persons entitled to vote thereon.

G. Organization. After the Developer Control Period, at each meeting of the Association, the President, or in his or her absence, the Vice-President, or in their absence, Members present in person or represented by proxy and entitled to vote there at, shall act as a chairperson, and the Secretary, or in his or her absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

H. Order of Business. The order of business at the annual meeting of the Members or at any special meetings insofar as practicable shall be:

- (1) Roll Call (or check-in procedure)
- (2) Proof of notice of meeting or waiver of notice
- (3) Reading of minutes of preceding meeting
- (4) Establish number and term of memberships of Board of Directors (if required and noticed)
- (5) Reports of Committees
- (6) Election of directors (if required and noticed)
- (7) Unfinished Business
- (8) New Business
- (9) Ratification of Budget (if required and noticed)
- (10) Adjournment

#### **IV. BOARD OF DIRECTORS**

A. Number and Qualification. The Board of Directors of the Association shall consist of three (3) persons. At least a majority of the Board of Directors shall be Members of the Association, or shall be authorized representatives, officers or employees of the Developer. During the Developers' Control Period, the Developers shall have the right to designate and select the persons who shall serve as members of the Board of Directors of the Association. Thereafter, the Board of Directors shall be elected by a majority of the votes of Class B Membership.

B. Term of Office. After the Developer Control Period, for the first Board of Directors, the initial term of office of the two (2) directors receiving the highest number of votes shall be established at two (2) years, and the term of office of the remaining elected director shall be established at one (1) year. After the expiration of the initial term of office of each member of the Board of Directors, his or her successors shall be elected to serve a term of two (2) years, which term shall expire at the second annual meeting following their election, or until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

C. Organizational Meeting. After the Developer Control Period, the organizational meeting of a newly elected Board of Directors shall be held within fourteen (14) days of their election at such time and at such place as shall be fixed by the directors at the Association meeting at which they were elected, and no further notice of the organizational meeting shall be necessary in order to legally constitute such a meeting, providing a quorum of the Board of Directors shall be present.

D. 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, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings shall be given by the Secretary or other designated person to each director, personally or by mail, telephone or telefax, at least three (3) days prior to the day named for such meetings, unless notice is waived.

E. Special Meetings. Special meetings of the directors may be called by the President, and must be called by the Secretary at the written request of any two directors. Not less than three (3) days' notice of a meeting shall be given to each director personally, by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Waiver of Notice. Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by a Board of Directors member at any meeting of the Board shall be deemed a waiver of notice by him or her. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting. At the discretion of the Board of Directors, meetings of the Board of Directors or portions thereof may be open to Members of the Association for observation or participation in such manner and to the extent the Board of Directors may deem appropriate.

G. Quorum and Adjourned Meetings. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and acts of the majority of directors present at a meeting at which a quorum is present shall be acts of the Board of Directors, unless otherwise provided in the Charter and/or the Master Deed. If any directors' meeting cannot be organized because a quorum has not attended, the directors who are present may adjourn the meeting from time to time until a quorum is present.

H. Removal of Members of the Board of Directors. At any duly held regular or special meeting of the Association, any one or more directors may be removed with or without cause by a majority of the votes held by the Members represented, and a successor may be then and there elected to fill the vacancy thus created. Each person so elected shall be a director for the remainder of the term of the director whose term he or she is filling and until his or her successor is duly elected and qualified. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

I. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Members of the Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy; provided, however, in the event that the vacancies on the Board of Directors result in one (1) or fewer directors remaining on the Board of Directors, a special meeting of the Association shall be called by the President in order to fill such vacancies. Each person so elected at a special meeting of the Association shall serve as a director for the remainder of the term of the director whose term he or she is filling and until his or her successor is duly elected and qualified. If the vacancy has been filled by a vote of the remaining directors, each person so elected shall be a director until his or her successor is elected at the next meeting of the Association.

J. Consent in Lieu of Meeting and Vote. Anything to the contrary in these Bylaws, the Charter or the Restrictions notwithstanding, the entire Board of Directors shall have the power to take action on any matter on which it is authorized to act, without the necessity of a formal meeting and vote if the entire Board of Directors, or all the directors empowered to act, whichever the case may be, shall

consent in writing to such action.

K. Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided by the Restrictions, these Bylaws, the Act or other applicable law. The Board of Directors shall have, subject to the aforementioned limitations, the powers and duties necessary for the administration of the affairs of the Association and of Duncan Woods Subdivision, which shall include, but not be limited to, the following:

1. To make, levy and collect Assessments against Members and Members' lots to defray the costs of the operation and maintenance of Common Properties, and to use the proceeds of said Assessments in the exercise of the powers and duties granted unto the Association;
2. To cause the Common Properties to be maintained according to accepted standards established by the Association and as set forth in the Restrictions;
3. To make and amend Rules and Regulations governing the use of the Common Property and the governance of the entire subdivision for the use and benefit of the Members, so long as such Rules and Regulations and limitations which may be placed upon the use of such Property do not conflict with the terms of the Charter and/or the Restrictions;
4. To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the Common Property and in accomplishing the purposes set forth in the Charter;
5. To contract for the management of the Association, and to delegate to such manager all of the powers and duties of the Association, subject to the limitations of the Restrictions, with the cost of employing such manager to be a part of the Common Expenses;
6. To comply with and to enforce by legal means all terms and conditions of the Restrictions, the Charter, these Bylaws and any Rules and Regulations hereafter promulgated governing the use of Duncan Woods Subdivision;
7. To pay all taxes and assessments which are liens against any part of the Common Property and to assess the same against the Members and their respective lots;
8. To carry insurance for the protection of the Members and the Association as provided in the Restrictions on the Common Property;

9. To employ personnel (including, without limitation, attorneys and accountants) for reasonable compensation to perform the services required for proper administration of the Association, with such costs to be Common Expenses;
10. To borrow money for any legitimate purposes which may be necessary for the improvement, maintenance, and well-being of the Common Property, the repayment of which shall be Common Expenses;
11. To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting;
12. To delegate to Members responsibilities concerning the maintenance, repair, and replacement and insurance of portions of the Common Property; and
13. To exercise any other power necessary and proper for the governance of the Association.

L. Eligibility of Directors. Nothing contained in these Bylaws shall prohibit a director being an officer, nor preclude the Board of Directors from employing a director as an employee of the Association or contracting with a director for the management of Duncan Woods Homeowners Association, subject, however, to the limitations contained herein and in the Restrictions.

## V. OFFICERS

A. Designation. The executive officers of the Association shall be a President, who shall be a director, a Vice-President, who shall be a director, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors at any meeting. The Board of Directors may also appoint such other officers as in its judgment may be necessary to manage the affairs of the Association. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary.

B. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first Board of Directors meeting following each annual meeting of the Members and such officers shall hold office at the pleasure of the Board of Directors.

C. Removal of Officers. Upon any affirmative vote of a majority of the full number of directors, any officer may be removed, either with or without cause, after opportunity for a hearing, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purposes.

D. Duties and Responsibilities of Officers.

1. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and the Board of Directors. He or she shall have all the powers and duties which are usually vested in the office of the President of an association to appoint committees from among the Members from time to time, as he or she may in his or her discretion determine appropriate, to assist in the conduct of the affairs of the Association.

2. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. If neither the President nor the Vice-President are able to act, the Board of Directors shall appoint some other person to do so on an interim basis. He or she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

3. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the Members and shall keep the minute book and record all proceedings therein. He or she shall attend to the giving and serving of all notices to the Members and directors, and such other notices required by law. He or she shall keep the books and records of the Association, except those of the Treasurer, and shall perform all other duties incident of the office of the Secretary of an association and as may be required by the directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

4. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He or she shall keep the Assessment rolls and accounts of the Members; he or she shall keep the books of the Association in accordance with good accounting practices; and he or she shall perform all other duties incident to the office of Treasurer.

**VI. COMPENSATION, INDEMNIFICATION AND EXCULPABILITY  
OF OFFICERS DIRECTORS AND COMMITTEE MEMBERS**

A. Compensation. No compensation shall be paid to the President or the Vice-President or any director or committee member for acting as such officer or director. The Secretary and/or Treasurer may be compensated for their services if the Board of Directors determines that such compensation is appropriate. Nothing herein stated shall prevent any officer or director, or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association; provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board of



Directors.

B. Indemnification. Each director, officer or committee member of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a director, committee member or agent of the Association or in any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein he or she is adjudged guilty of willful misfeasance or gross negligence in the performance of his or her duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or committee member may be entitled.

C. Exculpability. Unless acting in bad faith, neither the Board of Directors as a body nor any director, officer, committee member or agent of the Association, shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his or her office. Each Member shall be bound by the good faith actions of Board of Directors, officers, committee members or agents of the Association, in the execution of the duties of said directors, officers, committee members or agents.

## VII. FISCAL MANAGEMENT

A. Common Expense Assessments. Every Lot Owner by acceptance of a Deed to a Lot shall be deemed to covenant and agree to pay the Association a proportionate share of the Common Expenses ("Assessments") each share.

B. Initial Assessment. The initial assessment shall be \$600.00 per year, per Lot, payable January 1 of each year, beginning with the purchase of the first lot, with the amount due being prorated on a fiscal year basis, as each lot is purchased and/or a Certificate of Occupancy has been issued, in the case of lots owned by the Developer. After the Developer Control Period, the Board of Directors shall adopt a budget for each fiscal year of the Association and such budget shall contain estimates of the amount of monies deemed necessary for the Common Expenses, the manner of expenditure thereof and the proposed Assessments against each lot Owner. The Board of Directors may increase the assessment annually, by no more than ten percent (10%). Any assessment increase in excess of ten percent (10%) must first be approved by two-thirds percent of all the votes eligible to be cast by all the Lot Owners, at a duly called meeting. In determining the amount of increase in the assessment, the Board and Unit Owners shall be required to provide an amount reasonably sufficient to pay all Common Expenses. However, taxes and insurance which increases the percentage of the increase greater than the ten percent (10%) shall not require the

approval of two-thirds percent of the Lot Owners.

C. Special Assessments: The Board of Directors may levy a Special Assessment applicable for the purpose of defraying, in whole or in part, repair or replacement of the Common Areas, including necessary fixtures, equipment and other personal property related thereto or for other lawful purposes, provided that any such Special Assessment shall be apportioned in the same manner as the regular Assessments and shall receive the assent of two-thirds percent of all the votes eligible to be cast by all the Lot Owners.

D. Reserves. The Board of Directors shall not be obligated to expend all of the Assessments collected in any accounting period, but must establish and maintain reasonable reserves for the periodic maintenance, repair and replacement of the Common Property which reserves will be established and maintained out of the annual Assessments.

E. Working Capital In order to insure that the Association will have funds to meet unforeseen expenditures or to purchase equipment and services during the initial start up operations of the Association, each lot Owner, excluding the Developers, shall pay an amount equal to two (2) months estimated annual Assessments of each lot to the Association at the time of the closing of any initial purchase of the lot from the Developer. Such amounts shall not be considered advance payment of regular annual Assessments which are required to be paid by each Unit Owner under Section A of this Article VII. The Association shall maintain the amounts collected in a working capital fund for the use and benefit of the Association.

F. Depository. The depository of the Association shall be such bank or banks and/or federal savings and loan associations as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the directors.

G. Liens: The Association shall have a lien against a Lot for default in payment of the Assessments, such lien shall also secure the payment of interest, costs (including recording costs, court costs, discretionary costs and delivery fees) and reasonable attorney's fees in accordance with applicable law. The Assessments together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person(s) who was the Owner at the time the Assessments fell due. The personal obligation of the lot owner for delinquent Assessments, in addition to the lien on the lot, shall not be deemed to pass to any successors, unless expressly assumed by them or unless required by law. However the lien on the lot shall continue on the unit until paid, along with any new assessments made against the unit, with or without the filing of a notice of lien. All record Owners shall be jointly and severally liable with respect to the Assessments.

H. No Offset: No offsets against any Common Expense Assessments shall be permitted for any reason whatsoever, including, without limitation, any claim that the Association

is not properly discharging its duties. Further, no Lot Owner may be exempted from contributing to the Common Expense Assessments by waiver of use or enjoyment of the Common Elements or by abandonment of any unit or otherwise.

I. Fines and Interest: Assessments and installments thereon paid on or before ten (10) days after the date when due, shall not bear interest, but, all sums not paid on or before ten (10) days after the date when due, shall bear interest at the rate of eighteen (18%) per cent, per annum, or the maximum rate allowed by applicable law, whichever is greater, from the date when due, until paid. All payments received to the account shall be first applied to interest and then to the Assessments payment first due. In addition thereto, there shall be a penalty of \$25.00 for each delinquency of more than 30 days from the due date.

J. Foreclosure: In any foreclosure of a lien for Assessments, the owner of the lot subject to the lien shall be required to pay a reasonable rental for the Lot and the Association shall be entitled to the appointment of a receiver to collect such rental.

K. Subordination to Mortgagees: To the extent permitted by the Act, any lien which the Association may have against a Lot under the Act and/or pursuant to the terms of this declaration for Assessments, shall be subordinate to the lien or equivalent security interest of a first Mortgage on the Lot recorded prior to the date any such lien for Assessments was recorded.

L. Mortgagees Taking Title: To the extent permitted by the Act, any Mortgagee holding a first mortgage on a Lot who obtains title to the Lot as a result of foreclosure of the first mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, is not liable for the Assessments pertaining to such Lot or chargeable to the former Lot Owner which became due prior to such acquisition of title. Such unpaid Assessment shall be deemed to be a Common Expense collectable from all of the Lot Owners. Any such sale or transfer pursuant to a foreclosure, however, shall not relieve the purchaser or transferee of a Lot from liability for, nor the Lot from the lien of any Assessments made thereafter the Mortgagee or its successor, acquire title to the Lot. Such foreclosure, or transfer in lieu of foreclosure, shall in no way affect, limit or abrogate the personal liability of the predecessor Lot Owner for such unpaid Assessments, and the Association's rights with respect to such predecessor Lot Owner shall not be diminished, and said Association shall have all legal remedies available to it, with costs of collection and reasonable attorney fees being specifically agreed to by the Lot Owners. Purchasers who acquire title pursuant to foreclosure and deeds in lieu of foreclosure are required to immediately notify the Association of such acquisition of the lot. The lien for assessments shall attach to the lot for the new owner on the date of execution of the deed or the date of foreclosure, whichever is earlier, unless a valid contract was entered into by the Trustee, Mortgagee and Buyer on the dated of foreclosure, in which the date of the deed will control, unless greater than 30 days from the date of foreclosure.

M. Annual Audit. An audit of the accounts of the Association may be made annually, the cost of the annual audit shall be deemed a Common Expense. After the Developer Control Period, and in the event that an audit is made, a copy of the audit report shall be furnished to each Member not later than four (4) months after the end of the fiscal year for which the report is made. In addition, any holder of a first Mortgage on a Unit shall, upon written request, be entitled to a copy of the audit report provided it pays any reasonable expenses of the Association incurred in rendering such copy.

N. Examination of Books and Records. The Board of Directors shall keep a book with a detailed account, in chronological order, of the receipts and expenditures affecting Duncan Woods Homeowners Association, Inc. and its administration and specifying the maintenance and repair expense of the Common Properties and any other expenses incurred. Such book, the vouchers accrediting the entries made thereon, copies of the Restrictions, these Bylaws, the Rules and Regulations and other books, records and financial statements of the Association shall be maintained at the principal office of the Association and shall be available for inspection by Members or by holders, insurers and guarantors of Mortgages that are secured by lots in Duncan Woods Subdivision during normal business hours, pursuant to a reasonable request, or under any other reasonable circumstances.

O. Management Contracts. The Association may enter into professional management contracts or other agreements; provided, however, that each such contract or other agreement shall contain a right of termination with or without cause that the Association can exercise at any time after the end of the Developer Control Period; such right to be exercised without penalty on advance notice of more than ninety (90) days.

P. Fidelity Bonds. The Association shall, subject to the provisions of the Restrictions maintain blanket fidelity bonds for all persons who either handle or are responsible for funds held or administered by the Association, whether or not they receive compensation for such services. Any management agent that handles funds for the Association shall also be covered by a fidelity bond.

## VIII. OBLIGATIONS AND RESTRICTIONS OF LOT OWNERS

A. Nuisances. No nuisance shall be allowed in the Property, nor any use or practice which is the source of annoyance to owners, their employees, guests, agents, invitees or lessees which interferes with the peaceful possession and proper use of the subdivision by its owners, their employees, guests, agents, invitees or lessees. All parts of the subdivision shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, or any fire hazard allowed to exist. No lot Owner shall permit any use of his lot or of the Common Property which will increase the rate of insurance upon the Common Property.

B. Lawful Use. No immoral, improper, offensive or unlawful use shall be made lot owners. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair shall be the same as the responsibility for the maintenance and repair of the Common Property concerned.

C. Rules and Regulations. Reasonable Rules and Regulations concerning the use of Duncan Woods Subdivision and the Common Properties be made and amended from time to time by the Board of Directors of the Association. Copies of such Rules and Regulations and amendments thereto shall be furnished by the Association to all lot Owners and lessees of the lots, and such Rules and Regulations shall be of the same force and effect as the provisions of these Bylaws.

D. Commercial Business All lots shall be utilized for residential purposes only and no other use shall be permitted within the Property, except those specified on the plat as future development. Such residential lots shall be in conformity with the zoning for that area.

E. Obstruction of Common Property. There shall be no obstruction of the Common Property.

F. Signs. No sign of any kind shall be displayed for the public view on any portion of a lot, except signs used to advertise the sale of a residence. No other signs are permitted except those required to comply with codes of governmental authorities.

G. Insurance. Nothing shall be done or kept on the Common Property which will increase the rate of insurance on the Common Property without the prior written consent of the Association. No Owner shall permit anything to be done or kept on his or her lot or on the Common Property which will result in the cancellation of insurance on any Common Property.

H. Rules of Conduct. In order to assure the peaceful and orderly use and enjoyment of the lots and the Common Property of the Association, the lot Owners may, from time to time, after the Developer Control Period, adopt, modify and revoke in whole or in part, subject to the provisions of the Restrictions, by a vote of the Members present in person or represented by proxy whose aggregate interest in the lots of the subdivision constitutes sixty-six percent (66%) of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of said persons on the Property as the Association may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification and revocation thereof, shall be delivered promptly to each Owner, and shall be binding upon all lot Owners and occupants of lots. The following shall constitute the initial Rules of Conduct for the Association:



1. Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions or amplifiers that may disturb the other residents.
2. No occupier of the Property shall:
  - (a) Post any advertisements or posters of any kind in or on the Property except as authorized by the Board of Directors;
  - (b) Act so as to interfere unreasonably with the peace and enjoyment of the occupiers of the other lots or of the Common Property; or
  - (c) No animals, livestock, poultry or fowl of any kind shall be raised, kept or bred by any owner or lessee.
  - (d) Use of musical instruments, radios, TV's or amplifiers shall not be in such a way as to disturb other lots.
3. No lot Owner or their employees, agents, and/or lessees shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, solar panels, satellite dishes or similar objects outside his or her improvement which protrude through the walls or roof of his or her improvement except as authorized by the Board of Directors.

#### **IX. INSURANCE**

A. By the Board of Directors. The Board of Directors shall be required to obtain and maintain such insurance upon the Common Property.

#### **X. ENFORCEMENT**

A. Enforcement. During the Developer Control Period, the Developers, and after the Developer Control Period, the Board of Directors shall have the power, at their/its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: lawful self-help; sending notice to the offending party to cause certain things to be done or undone, restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

B. Fines. The Board shall also have the power to levy fines against any lot Owner(s) for violation(s) of any Rule or Regulation of the Association or for any covenants or restrictions contained in the Restrictions or Bylaws in accordance with applicable law. Any such fine shall

be considered and shall be an additional Assessment against the applicable lot Owner(s) and lot(s), and be enforced in the same manner as Assessments as contained in Article VII.

C. Waiver. No restriction, condition, obligation or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

## XI. AMENDMENTS

After the Developer Control Period, subject to the provisions contained in the Restrictions, these Bylaws may be altered or repealed, or new Bylaws may be made, at any meeting of the Association duly held for such purpose, previous to which written notice shall have been sent, a quorum being present, by an affirmative vote of the votes of the Association. Directors and Members not present at the meetings considering the amendment may express their approval in writing.

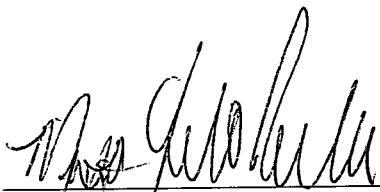
## XII. CONFLICT INVALIDITY

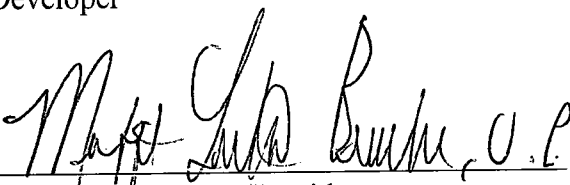
A. Conflict. Anything to the contrary herein notwithstanding, if any provision of these Bylaws is in conflict with or contradiction of the Restrictions or the Charter, or with the requirements of any law or regulation, then the requirements of said Restrictions, Charter, law or regulation shall be deemed controlling.

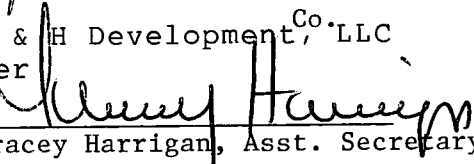
B. Severability. The invalidity of any part of these Bylaws shall not impair or affect in manner the enforceability or affect the remaining provisions of the Bylaws.

Adopted this 21<sup>st</sup> day of February, 2008.

Ben Testerman Construction Company, Inc.,  
Developer

  
Muffet T. Buckner, Incorporator


  
By: ~~Ben Testerman, President~~  
Muffet T. Buckner, Vice-President

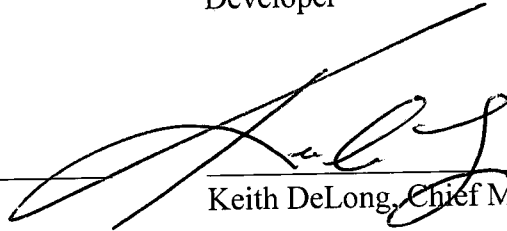
K M & H Development, Co. LLC  
Owner  
By:   
Tracey Harrigan, Asst. Secretary  
and Treasurer



Harrigan Construction Company, LLC,  
Developer

Keith DeLong Construction Company, LLC,  
Developer

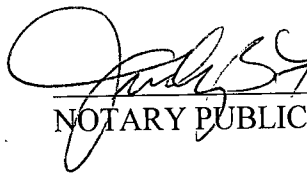
  
By, Ken Harrigan, Chief Manager

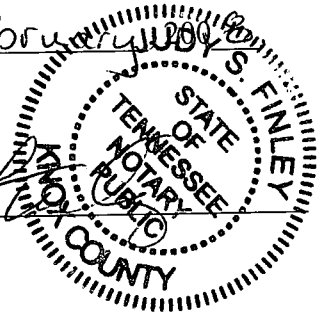
  
Keith DeLong, Chief Manager

STATE OF TENNESSEE  
COUNTY OF KNOX

Before me, the undersigned authority, a Notary Public, in and for said State and County, personally appeared, Muffet T. Buckner, the within named bargainor, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence and acknowledged that she executed the within instrument for the purposes therein contained.

Witness my hand and official seal at office on this 21<sup>st</sup> day of February, 2008.

  
NOTARY PUBLIC

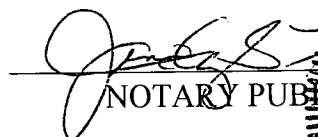


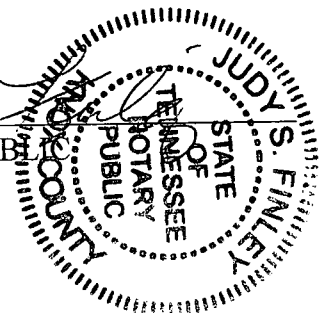
My commission expires: 8/11/09

STATE OF TENNESSEE  
COUNTY OF KNOX

Before me, the undersigned authority, a Notary Public, in and for said State and County, personally appeared, Muffet T. Buckner, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence and who upon oath, acknowledged himself/herself to be the Vice-President of Ben Testerman Construction Company, Inc., the within named bargainor, a corporation, and that he/she as such Vice-President executed the within instrument for the purposes therein contained, by signing the name of the corporation as Vice-President.

Witness my hand and official seal at office on this 21<sup>st</sup> day of February, 2008.

  
NOTARY PUBLIC



My commission expires: 8/11/09



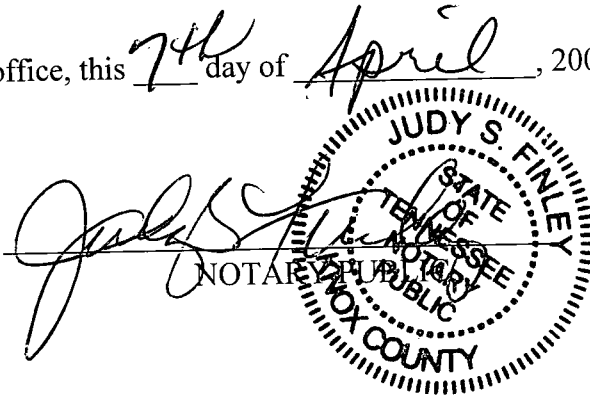
STATE OF TENNESSEE  
COUNTY OF KNOX

Before me, the undersigned authority, in and for said County and State, personally appeared, Ken Harrigan, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who upon oath, acknowledged himself to be the Chief Manager of Harrigan Construction Company, LLC, a Tennessee Limited Liability Company, the within named bargainor, and that he as such chief manager, executed the forgoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as chief manager.

Witness my hand and official seal at office, this 7<sup>th</sup> day of April, 2008.

My commission expires:

8/11/09



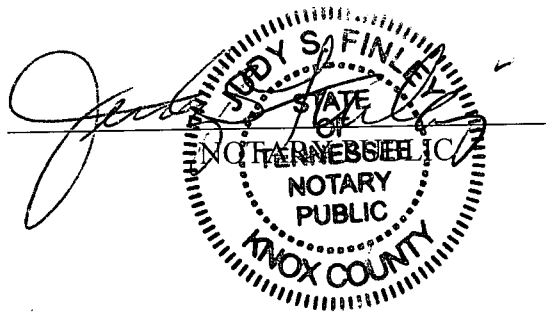
STATE OF TENNESSEE  
COUNTY OF KNOX

Before me, the undersigned authority, in and for said County and State, personally appeared, Keith DeLong, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who upon oath, acknowledged himself to be the Chief Manager of Keith DeLong Construction Company, LLC, a Tennessee Limited Liability Company, the within named bargainor, and that he as such chief manager, executed the forgoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as chief manager.

Witness my hand and official seal at office, this 12<sup>th</sup> day of March 2008.

My commission expires:

8/11/09



STATE OF TENNESSEE  
COUNTY OF KNOX

Before me, the undersigned authority, in and for said County and State, personally appeared, Tracey Harrigan, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who upon oath, acknowledged herself to be the Assistant Secretary and Treasurer of K M & H Development, LLC, a Tennessee Limited Liability Company, the within named bargainor, and that she as such Assistant Secretary and Treasurer, executed the forgoing instrument for the purposes therein contained, by signing the name of the limited liability company by herself as Assistant Secretary and Treasurer.

Witness my hand and official seal at office, this 4<sup>th</sup> day of April, 2008.

My commission expires:

8/11/09

