

## BY-LAWS OF CHATEAU VALLEY

### OWNERS ASSOCIATION ARTICLE I

**SECTION 1. Lot Ownership.** A residential PUD Development located at Moorman's Arm Road, Davidson County, State of Tennessee known as Chateau Valley (the "Project") has submitted to the provisions of T.C.A. SS 66-27-101 et. seq. All capitalized terms not otherwise defined herein shall have the meaning given them in the Declaration of Covenants, Conditions and Restrictions of the Project.

**SECTION 2. By-Laws Applicability.** The provisions of these By-Laws ("By-Laws") are applicable to the Project.

**SECTION 3. Personal Application.** All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws.

The mere acquisition or rental of any of the Lot (hereinafter referred to as "Units") of the Project or the mere act of occupancy of any of the Units will signify that these By-Laws are accepted, ratified, and will be complied with.

### ARTICLE II VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

**SECTION 1. Voting.** Owners shall be entitled to one vote for each Unit owned, except as noted below. If more than one person or entity own a Unit, they shall be entitled to only one vote and shall be deemed one Unit owner, the vote to be exercised as they among themselves determine. An exception to this one unit, one vote rule shall exist only with regard to the developer, Chateau Associates, Ltd. which shall retain ownership of all unsold units and will be entitled to three votes per unsold Unit.

**SECTION 2. Majority of Owners.** As used in these By-Laws the term "majority of owners" shall mean those owners holding 51% of the vote available among all owners.

**SECTION 3. Quorum.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

**SECTION 4. Proxies.** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

### ARTICLE III ADMINISTRATION

**SECTION 1. Association Responsibilities.** The owner of the Units will constitute the members of The Chateau Valley Home Owners Association (the "Association"). The Association will have the responsibility of administering the Project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the Project pursuant to an

agreement containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the members of the Association shall require approval by a majority of owners.

**SECTION 2. Place of Meetings.** Meetings of the Association shall be held at the principal office of the Project or such other suitable place convenient to the owners as may be designated by the board of directors.

**SECTION 3. Annual Meetings.** The annual meeting of the Association shall be held on the Second (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>) Monday (Monday, Tuesday, Wednesday, etc.) of June (month) each succeeding year. At such meetings there shall be elected by ballot of the owners a board of directors ("Board of Directors") in accordance with the requirements of Section 5 of Article IV of the By-Laws. The owners may also transact such other business of the Association as may properly come before them.

**SECTION 4. Special Meetings.** It shall be the duty of the president to call a special meeting of the Association as directed by resolution of the Board of Directors or upon a petition signed by a majority of owners and having been presented to the secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owners present, either in person or by proxy.

**SECTION 5. Notice of meetings.** It shall be the duty of the secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least 5 but no more than 10 days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. In the alternative, the secretary may cause the notice to be delivered to each Unit owner within the same time restriction.

**SECTION 6. Adjourned Meetings.** 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 adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

**SECTION 7. Order of business.** The order of business at all meetings of the owners of Units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

## **ARTICLE IV BOARD OF DIRECTORS**

**SECTION 1. Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors composed of five persons, all of whom must be owners of Units in the Project and current on the payment of all dues owed to the Association.

**SECTION 2. Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things necessary that are not prohibited by law or by these By-Laws.

**SECTION 3. Other Duties.** In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the Project and the Common Area, including the maintenance of adequate reserve for repairs and capital expenditures.
- (b) Establishing and collecting monthly assessments from the owners.
- (c) Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

**SECTION 4. Management Agent.** Cumberland Builders, Inc. shall be the management agent for the first two (2) years of the life of the project or until 74% of the planned Units, including the Units planned for Phases II, III, IV, V, VI & VII are sold, whichever is later. The Board of Directors shall determine the compensation to be paid the management agent to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article. After the termination of Cumberland Builders, Inc. as the management agent, the Board of Directors may employ for the Association another management agent and fix its compensation.

**SECTION 5. Election and Term Office.** At the first annual meeting of the Association the term of office of two directors shall be fixed for three (3) years. The term of office of two directors shall be fixed at two (2) years, and the term of office of one director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been elected.

**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 Association shall be filled by vote 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 at the next annual meeting of the Association.

**SECTION 7. Removal of Directors.** At any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

**SECTION 8. Organization Meeting.** The first meeting of a newly elected Board of Directors shall be held within fifteen (15) days of election at such place as shall be fixed by the directors at the meeting 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, but

at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail or telephone, at least three (3) days prior to the day named for such meeting.

**SECTION 10. Special Meetings.** Special meetings of the Board of Directors may be called by the president on three days notice to each director, given personally or by mail, which notice shall state the time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the president or secretary in like manner and on like notice on the written request of at least three directors.

**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 and place thereof. If all the 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.

**SECTION 12. Board of Director's Quorum.** At all meetings of the Board of Directors, a majority of the directors 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 acts of Board of Directors. If there be less than a quorum present, the majority of those present may adjourn the meeting to another date certain. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted at the subsequent meeting without further notice.

**SECTION 13. Fidelity Bonds.** The Board of Directors shall require that all directors, officers, and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association. A blanket fidelity bond will be maintained for all officers, directors, trustees, and employees of the Association handling or responsible for funds of or administered by the Association or any other person handling or responsible for funds of or administered by the Association. Further, in the event the Association delegates some or all of the responsibility for the handling of funds to a management agent, a blanket fidelity bond will be required for the officers, employees, and agents of such management handling or responsible for funds of, or administered on behalf of, the Association.

The total amount of fidelity bond coverage shall be based upon the best business judgment of the officers of the Association and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bond be less than a sum equal to three months' aggregate assessment on all Units plus reserve funds.

All such fidelity bonds shall:

- (i) Name the Association as an obligee;
- (ii) Contain the waivers by the issuers of the bonds of all defenses bases upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms of expressions; and
- (iii) Shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten days prior written notice to the Association.

**SECTION 14. Availability of Information.** The Board of Directors shall make available for inspection by all Unit owners and by the holders, insurers or guarantors of any first mortgage, current copies of the Declaration of Covenants, Conditions, and Restrictions, these By-Laws, any other rules regarding the Project, and the books and financial records of the Association. Such matters shall be made available during regular business hours or at other reasonable times.

## **ARTICLE V OFFICERS**

**SECTION 1. Delegation.** The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by the Board of Directors, and the president and vice president shall be elected from the Board of Directors. The directors may appoint an assistant treasurer and an assistant secretary, and such other officers as in their judgment may be necessary.

**SECTION 2. Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors 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 shall preside at all meetings of the Association and of the Board of Directors. He 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 owners from time to time as he may in his 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 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 of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed upon him 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 Association, he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary.

**SECTION 7. Treasurer.** The treasurer shall have responsibility for Association 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 shall be responsible for the deposit of all moneys 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.

## ARTICLE VI OBLIGATIONS OF THE OWNERS

**SECTION 1. Assessments.** All owners are obligated to pay monthly assessments in the sum of Ten dollars (\$10.00) imposed by the Association to meet all Project communal expenses, including but not limited to maintenance and repair of the Common Area defined in Declaration of Covenants, Conditions and Restrictions; a general public liability insurance policy premium; an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard, and local taxes. The assessments shall be borne equally, as stipulated in the Declaration of Covenants, Conditions, and Restrictions and may be increased or decreased by the Association as needed. Unit owners shall be liable for all attorney's fees and expenses incurred by the Association in attempting to collect their respective unpaid assessments. Unpaid assessments, together with any attorney's fees or other expenses incurred in attempting to collect same, shall be a lien on the defaulting owner's Unit, subordinate only to any first mortgage. Such lien may be foreclosed by appropriate judicial proceedings.

**SECTION 2. Maintenance and Repair.**

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the Project in its entirety or in a part belonging to other owners; and each owner is expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any part of the Common Area damaged through such owner's fault or neglect.

**SECTION 3. Use of Family Units - Internal Changes - Insurance.**

(a) All units shall be used for residential purposes only.

(b) Each unit owner shall be liable for the insurance premiums insuring his individual family unit (as defined in the Declaration of Covenants, Conditions and Restrictions) and all personal property contained, housed or parked therein or adjacent to the family unit.

**SECTION 4. Use of Common Area.** An owner shall not place or cause to be placed in the Common Area any furniture, packages or objects of any kind.

**SECTION 5. Right of Entry.** An owner shall grant the right of entry to the management or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his Unit, whether the owner is present at the time or not.

**SECTION 6. Rules of Conduct.**

(a) No resident shall post any advertisements, or posters of any kind in or on the Project except as authorized by the association.

(b) Residents shall exercise care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(c) It is prohibited to hang garments, rugs, etc., from the windows or from any of the facades of the Project.

(d) It is prohibited to hang dust rags, etc., from the windows, or to clean rugs, etc., by beating on the exterior part of the Project.

(e) It is prohibited to throw garbage, trash or other like objects outside the Single Family Living Unit.

- (f) No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines, or air conditioning units, etc., on the exterior of the Project or that protrude through the walls or the roof of the Project except as authorized by the Association.

## **ARTICLE VII PETS**

Owners are allowed to keep domestic animals provided the following conditions are recognized and maintained:

- (a) Pets are limited to dogs, cats or fish aquariums unless otherwise expressly authorized by the Association.
- (b) The maximum number of pets (excluding fish aquariums) per unit is two (2), and the maximum weight per animal is 50 lbs.
- (c) All pets must be confined to the Unit or garage and at all other times, on a leash and in the control of a responsible person. It is expressly prohibited to allow pets to run at large at any time.
- (d) Pet owners will abide by all federal, state, county and municipal humane regulations and sanitary regulations. Neglect to abide by such regulations causing unsanitary conditions and/or odor, shall authorize the Association to take whatever action necessary to correct or clean up the offensive condition and assess the responsible owner for expense incurred.

## **ARTICLE VIII INSURANCE**

**SECTION 1.** The Board of Directors shall be required to obtain and maintain to the extent obtainable, without prejudice to the right of each unit owner to insure his own unit for his own benefit, the insurance herein provided.

**SECTION 2. Blanket Form Insurance.**

- (a) **Fire and extended coverage.** Blanket form insurance against loss by fire and against loss by lightning, windstorm, and other risks normally included within extend coverage, insuring all structural portions of the Project, together with all service machinery contained therein and covering the interest of the Association, the Board of Directors and all members and their mortgages as their interests may appear, in an amount equal to the full replacement value of the buildings, without deduction for depreciation.
- (b) **Loss Adjustment.** All such policies shall provide that adjustment of loss shall be made by the Board of Directors.
- (c) If the Project is totally or substantially damaged or destroyed, the repair, reconstruction, or distribution of the property shall be as provided by Tennessee Code Annotated Sections 66-27-118.
- (d) **Public Liability Insurance.** To the extent obtainable, public liability insurance in such limits as the Board of Directors, the managing agent, the manager and each member. Such public liability coverage shall also cover gross liability claims on one insured

- against another. The Board of Directors shall review such limits once a year. Until the first meeting of the Board of Directors following the first annual meeting of the members, such public liability insurance shall be amounts not less than \$1,000,000 for claims of personal injury and \$500,000 for claims of property damage, per occurrence.
- (e) Unit owner insurance. Members shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any member.

## **ARTICLE X MORTGAGES**

**SECTION 1. Notice to Association.** An owner who mortgages his Unit, shall notify the Association through the management agent, if any, or the president in the event there is no management agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgages of Units."

**SECTION 2. Notice of Unpaid Assessments, Etc.** Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor of any deed of trust lien on any Unit, any such lien holder or eligible insurer or guarantor shall be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a first deed of trust lien held, insured, or guaranteed by such eligible deed of trust lien holder or eligible insurer or guarantor, as applicable;
- (b) Any delinquency in the payment of assessments or charges owned by an owner of a Unit subject to a first deed of trust lien held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action which would require the consent of a specified percentage of deed of trust lien holders.

**SECTION 3. Certificate of Insurance.** The Association, acting through its managing agent or its president, shall provide a certificate proving its general liability and hazard insurance to a unit owner or mortgagee upon request.