

BY-LAWS OF RIVER DOWNS HOMEOWNERS ASSOCIATION, INC

ARTICLE ONE

NAME AND LOCATION

The name of the corporation is RIVER DOWNS HOMEOWNERS' ASSOCIATION, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at the home of the Secretary, but meetings of the members and the board may be held at such places within the County of Rutherford, as may be designated by the Board of Directors.

ARTICLE TWO

DEFINITIONS

SECTION 1: "Association" shall mean and refer to RIVER DOWNS HOMEOWNERS ASSOCIATION, INC, it successors and assigns.

SECTION 2: "Property" shall mean and refer to the lots described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of this Association.

SECTION 3: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties within RIVER DOWNS SUBDIVISION.

SECTION 4: "Owner" shall mean and refer to the recorded owner, whether one or more persons or entities, of a fee simple title to any lot within RIVER DOWNS SUBDIVISION

SECTION 5: "Board" shall mean and refer to the Board of Directors.

SECTION 6: "Declaration" shall mean and refer to the restrictive covenants applicable to the properties within RIVER DOWNS SUBDIVISION as recorded in the Register's office of Rutherford County, Tennessee.

SECTION 7: "Member" shall mean and refer to those persons who are the recorded owners of the lots within RIVER DOWNS SUBDIVISION.

ARTICLE THREE

MEMBERSHIP

SECTION 1. Membership: The total number of memberships shall not exceed the number of lots in the subdivision, including any future expansions of the subdivision. Any person becoming an owner of a lot shall automatically become a member of this Association, and shall be subject to the provisions of the Articles of Incorporation, the Declaration and these By-Laws. Such membership shall terminate without any Association action whenever such person ceases to own a lot, but such termination shall not relieve or release any such former owner of any liability or obligation incurred under or in connection with the Association during the period of such ownership or membership in the Association. No certificates of stock shall be issued by the Association

SECTION 2. Voting: There shall be one (1) vote for each lot owned. If multiple people own a lot, such as husband and wife, there still is only one (1) vote per lot.

ARTICLE FOUR

MEETING OF MEMBERS

Section 1. Annual Meetings: The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, unless the Board schedules it otherwise. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday or as scheduled by the Board.

Section 2. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board, or upon written request of the members who comprise one-fourth (1/4) of all the votes of the membership. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of the owners of two-thirds (2/3) of the lots either in person or by proxy.

SECTION 3. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing, postage prepaid, or by emailing a copy of such notice at least fifteen (15) days before said meeting to each member entitled to vote therein, addressed to the member's last address appearing on the books of the Association, or last email address as supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

SECTION 4. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the 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 therein shall have the 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.

SECTION 5. Proxies: At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member(s) of their lot.

ARTICLE FIVE

BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

SECTION 1. NUMBER: The affairs of the Association shall be managed by a Board of three (3) members, who must be members of the Association. The members of the board shall consist of a President, Secretary, and Treasurer and any other members as the board may from time to time deem necessary.

SECTION 2. Term of office: At the first annual meeting, and each annual meeting thereafter, the members shall elect three (3) board members for one (1) year terms. Board members may be re-elected to an additional term for a maximum of two (2) years in the same office and the Treasurer may be re-elected indefinitely. If the Treasurer serves more than 2 years, an alternate representative may be added from the same section of the neighborhood to allow a change in representation. If an alternate is added, the alternate will assume the voting rights of the treasurer.

SECTION 3. Resignation and Removal: Any Board Member may be removed from the Board, with or without cause, by a majority vote of the members of the Association. Resignations 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. In the event of death, resignation or removal of a Board Member a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

SECTION 4. Special Appointments: The Board may elect such other positions 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. Multiple Offices: No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article or the Nominating Committee chairman.

SECTION 6. Compensation: No Board Member shall receive compensation for any service they may render to the Association in directing the affairs of the Association. However, any Board Member may be reimbursed for their actual expenses incurred in the performance of their duties, and may be paid for such professional services rendered to the Association at its request.

SECTION 7. Action Taken Without a Meeting: The Board shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written or email approval of all the Board Members. Any action so approved shall have the same effect as though taken at a meeting of the Board.

SECTION 8. Duties: The duties of the Board Members are as follows:

- (a) President: The President shall preside at all meetings of the members and the Board; shall see that orders and resolutions of the Board are carried out; shall co-sign all checks and promissory notes of the Association, leases, mortgages, deeds and other written instruments.
- (b) Secretary: 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.
- (c) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by Resolution of the Board of Directors; shall sign all checks and co-sign all promissory notes of the association, leases, mortgages, deeds and other written documents; prepare and file all necessary local, state and federal documents; keep proper books of account; cause an annual audit of the Association's books to be made by the President or his designated auditor at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members by mail or email. The Treasurer shall provide original bank statements to other board members on demand.

ARTICLE SIX

NOMINATION AND ELECTION OF THE BOARD OF DIRECTORS

SECTION 1. Nomination for Election of the Board of Directors: The Nominating Committee shall consist of a Chairman, who may or may not be a member of the Board, and any members appointed by the board. The nominating committee shall be appointed by the Board prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make specific nominations for President, Secretary and Treasurer. Additional nominations may be made from among members. The Nominating Committee should strive to pick candidates from different sections of the neighborhood.

SECTION 2. Election: Election to the Board shall be by hand vote or by secret ballot as the Board determines. At such election the members or their proxies may cast, in respect to each vacancy, as many votes, one vote per lot, as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes for each office shall be elected. Cumulative voting is not permitted.

ARTICLE SEVEN

MEETINGS OF BOARD OF DIRECTORS

SECTION 1. Regular Meetings: Regular meetings of the Board shall be held at the call of the President but not less than 3 per year, at such place and hour as may be designated by the President.

SECTION 2. Special Meetings: Special meetings of the Board shall be held when called by the President of the Association, or by any other two (2) Board Members, after not less than three (3) days notice to each Board Member.

SECTION 3. Quorum: A majority of the number of Board Members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board Members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE EIGHT

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1. Powers: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association for the operation and maintenance of the subdivision including, but not limited to, the following:

- (a) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association.
- (b) Exercise for the association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by the provisions of these By-Laws, the Articles of Incorporation or the Declaration; and
- (c) Establish, levy, assess, and collect the assessments or charges that may be necessary. Increases in assessments for new major programs, new facilities, significant improvements, etc shall be presented to the members for vote and require at least 51% approval of the total members to pass.
- (d) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive meetings of the Board

SECTION 2. Duties: It being the duty of the Board to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meetings of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote, and
- (b) as more fully provided in the declaration, to:
 - 1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual meeting, but failure to do so will not waive the Association's right to such assessment, and
 - 2) Send email or written notice of the annual assessment to every owner subject thereto at least thirty (30) days in advance of each annual meeting; and
 - 3) initiate a lien within a reasonable time against any property for which assessments 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; and

- 4) to obtain, maintain and pay for such insurance policies or bonds, whether or not required by any provision of the Declaration or By-Laws, as the Association shall deem appropriate for the protection or benefit of the Association, the members of the Board or any standing committee, tenants or guests, including but without limitation, worker's compensation, malicious mischief automobile non-ownership insurance, performance of fidelity bonds, and area liability and hazard insurance; and
- 5) cause the entry walls and gardens, lights, fence along Barfield Rd and adjacent lawn to be maintained.
- 6) Cause the exterior of the dwellings to be maintained as set forth in the Declaration.

ARTICLE NINE

INDEMNIFICATION OF BOARD MEMBERS

The Association shall indemnify every Board Member, and his or her heirs, executors and administrators against all losses, costs and expenses, including legal fees, reasonably incurred by him or her in connection with any action, suit or proceeding in which he or she may be made a party by reason of his or her being or having been a Board Member of the Association, except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Board Member in relation to the matter involved. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE TEN

OBLIGATIONS OF THE OWNERS

SECTION 1. Assessments: Except as otherwise provided in the Declaration, all owners shall be obligated to pay the annual assessment imposed by the Association to meet the common expenses, and payment thereof shall be made not later than the date required by the notice. A late fee as determined by the Board may be imposed on all late payments. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members within

the meaning of these By-Laws, if, and only if, he or she shall have fully paid all assessments made or levied against him or her.

SECTION 2 . Compliance:

- (a) Each owner shall comply strictly with the provisions of the Declaration.
- (b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which River Downs was built.

SECTION 3 . Rules and Regulations:

- (a) No resident of River Downs Subdivision shall in any way violate the rules and regulations set forth in the Declaration. In addition, owners shall exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and using or playing or permitting to be used or played any musical instruments, radios, phonographs, television sets, amplifiers, or any other instruments or devices in such a manner as may disturb or tend to disturb other owners.
- (b) Owners or guests shall not hang garments, rugs, and other materials from the windows or any of the facades or balconies of any building or any of the improvements.
- (c) Owners or guests shall not throw garbage or trash outside the disposal installations provided for those purposes.
- (d) No owner shall install wiring for electrical or telephone installation, television antennas, machines or air conditioning units on the exterior of their house which is visible from the street unless approved by the Architectural Committee.
- (e) If a house is rented the tenant shall comply with these By-laws and the Declaration.
- (f) The Board reserves the power to establish, make and enforce compliance with such additional rules and regulations which may be necessary for the operation, use and occupancy of this subdivision with the right to amend same from time to time.

SECTION 4. Notification to the Board: Owners are responsible for notifying the Board of changes of mailing address or email addresses within thirty (30) days from the date of change.

ARTICLE ELEVEN

COMMITTEES

- (a) The Board is the architectural control committee, as provided in the declaration.
- (b) The Board shall appoint a nominating committee, as provided in these By-Laws.
- (c) The Board shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE TWELVE

BOOKS AND RECORDS

Books, reports and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation and By-Laws of the Association shall be available for inspection by any member of the principal office of the Association, or copies may be purchased at a reasonable cost.

ARTICLE THIRTEEN

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which may be secured by a lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent and subject to a late fee as determined by the Board. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear full interest from date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or initiate a lien against the property, and any interest, cost and reasonable attorney's fees in any such action shall add to the amount of such assessment.

ARTICLE FOURTEEN

CORPORATE SEAL

The Association shall not be required to have a seal.

ARTICLE FIFTEEN

AMENDMENTS

SECTION 1. These By-Laws may be amended at a meeting and subsequent email and or letter vote called for such purpose, or at a regular meeting and subsequent email and or letter vote if notice is given that such action is to be taken, by a vote of owners representing an aggregate interest of at least fifty percent (50%) of the ownership of lots. Notice of such a meeting shall contain a summary of the proposed changes or a copy of such proposed changes.

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.

ARTICLE SIXTEEN

MISCELLANEOUS

The fiscal year of the Association shall begin on the first (1st) day of January and end of the thirty-first (31st) day of December every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, I being the authorized Board Member of RIVER DOWNS HOMEOWNERS' ASSOCIATION, INC., have hereunto set my hand, this the _____ day of _____, 2003

President