

BYLAWS OF
ROYAL OAKS PROPERTY OWNERS ASSOCIATION INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is ROYAL OAKS PROPERTY OWNERS ASSOCIATION, INC., hereafter referred to as the "Association." The Principle office of the corporation shall be located at 2239 Highway 411 South, Maryville, Blount County, Tennessee 37801. Meetings of members and directors may be held at such places within the State of Tennessee, County of Blount, as may be designated by the Board of Directors.

ARTICLE II

DEFINITION

Section 1. "Association" shall mean and refer to ROYAL OAKS PROPERTY OWNERS ASSOCIATION, INC. its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3 . "Common Areas" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties except for the Common Areas.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds for Blount County, Tennessee.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Royal Oaks Property Owners Association shall be held on the third (3rd) Monday of April at 7:30 P.M.

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 one-fourth (1/4) of all of the votes of the membership.

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 a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, 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 the purposes of the meeting. No issue may be formally voted upon by the membership at a meeting unless properly noticed.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes 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 thereat 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.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. ~~** The affairs of this Association shall be managed by a Board of eleven (11) Directors, each of whom must be a member of the Royal Oaks Property Owners Association.~~

~~** Article IV, Section 1, Number of Directors: The affairs of this Association shall be managed by a Board of Nine (9) Directors, each of whom must be a member of the Royal Oaks Property Owners Association.~~

**** Article IV, Section 1, Number of Directors: The affairs of this Association shall be managed by a Board of Seven (7) Directors, each of whom must be a member of the Royal Oaks Property Owners Association.**

Section 2. Term of Office. At each annual meeting, the members shall elect the required number of directors for a term of three (3) years to replace directors whose terms expire.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his/her successor shall be appointed by the Board and shall be the person who received the highest vote total without being elected at the last annual meeting. If there is no such person, the Board may appoint any member. ** Any person appointed by the Board will serve until the next election of Directors. The person elected will serve out the remaining term of the person replaced.

**** Article IV, Section 3, Removal of Director: The last sentence has been added to this section.**

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However any director may be reimbursed for actual expenses incurred in the performance of his/her duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION TO BOARD OF DIRECTORS

Section 1. NOMINATING COMMITTEE

A. At a meeting of the Board of Directors, held at least 120 days before the date of the next scheduled annual Membership Meeting, the Board will appoint a Nominating Committee chairperson and four (4) other voting members in good standing, of which the Chairperson will be a member of the Board whose term will not expire at the end of the current year.

B. The names of the members of the Nominating Committee will be posted promptly on the Association's bulletin board. No member will serve on the committee who has not had at least two (2) years of continuous voting membership in the Association. Committee members will serve for one (1) year.

C. The Board will fill any vacancy occurring on the Nominating Committee.

D. No member will be appointed to the Nominating Committee who served thereon the previous year.

Section 2. PROCEDURE FOR NOMINATIONS

A. At least one hundred (100) days before the annual membership meeting the Nominating Committee will post a notice on the Association's bulletin board requesting members who wish to serve on the Board to submit their names and resumes to the Committee within twenty-one (21) days for consideration. In addition, the Committee may consider personal solicitation for candidates. The Committee will not nominate any candidate before the expiration of the 21-day period.

B. At least seventy-five (75) days before the Annual Membership Meeting, the Committee will nominate, by majority vote, a minimum of two (2) candidates for election to fill each vacancy on the Board. All nominees must be property owners in good standing.

C. The slate of candidates nominated by the Committee together with their resume will be filed promptly with the Secretary of the Association. Upon certification of those candidates by the Secretary, and at least sixty (60) days before the annual meeting, the names will be posted on the Associations bulletin board by the Secretary, A statement that the resumes are available for inspection by contacting the Association Secretary will also be posted.

D. At least forty-five (45) days prior to the Annual Membership Meeting, a nomination, signed by no less than 25 members in good standing, may be filed with the Secretary nominating a candidate for election to the Board. Only one candidate will be named in one nomination, and the resume will be attached thereto. Upon certification of eligibility of such candidates by the Secretary, the name will be included, together with the candidates nominated by the Nominating Committee, in the list of candidates standing for election to the Board. The names of all candidates will be posted on the bulletin board, and all candidates thereafter will be given equal publicity and prominence.

E. In addition to posting all candidates' names, the Board will provide a ballot and written notice regarding candidates to all members, mailed at least thirty (30) days prior to the scheduled Annual Membership Meeting.

ARTICLE VI

MEMBERSHIP VOTING

SECTION 1. GENERAL. All actions that require the approval of the membership will be noticed by the Board of Directors at least 15 days prior to the annual or any called meeting and voting will be conducted by written ballot. Absentee ballots are permitted. If there is a substantive minority viewpoint within the Board of Directors on any matter subject to membership voting, the minority viewpoint shall be required to be included in the voting package sent to the membership, if so requested.

SECTION 2. ALLOCATION OF VOTES. A membership, whether in one or more names, is entitled to a single ballot. On all matters requiring membership voting, including the election of members of the Board of Directors, each member in good standing is entitled to a vote.

SECTION 3. PROXIES. A member may designate another Association member, in writing, as his/her proxy for a period specified by the Board of Directors to vote on any matter, except voting for Board of Directors, that has been noticed to the membership as requiring membership approval. The proxy shall be filed with the Secretary. The Board will have the right to determine the form of the proxy.

SECTION 4. VOTING PROCEDURE FOR ELECTION OF BOARD OF DIRECTORS.

A. The membership will vote by secret ballot mailed in a special identified envelope with instructions to return it as prescribed, to be received on or before the Friday preceding the scheduled Annual Membership Meeting. The members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Cumulative voting is not permitted. The election of a Board member requires receipt of valid ballots by at least 50% of the membership, but it is not dependent upon convening an annual or special membership meeting.

B. The designated number of candidates receiving the highest number of votes will be declared elected for a full three-year term of office. The candidate receiving the next highest number of votes will be declared elected to fill an unexpired term of office, if any. Tie votes will be broken or resolved by drawing lots in the manner determined by the Board.

C. ~~** Ballots will be counted by the Nominating Committee not earlier than six (6) hours prior to the annual meeting.~~ The results, to be announced during the annual meeting, will not be revealed by Committee members to anyone prior to the formal announcement by the Committee at the meeting.

**** Article VI, Section 4, Paragraph C: First sentence is eliminated.**

SECTION 5. VOTING PROCEDURE ON OTHER MATTERS. Voting on other matters, including proposed Bylaws changes, will be by secret ballot mailed to the members with instructions for their return on or before the third day prior to the date of the regular or special meeting, if voting by absentee ballot is desired. Voting requirements and procedures are the same as those for voting for election to the Board of Directors (Section 4 above) except that:

- No vote is valid without convening the regular or a special meeting;

- Voting will not be closed until there has been an opportunity to discuss the matter(s) before the membership at the annual or special meeting; and

- Except as otherwise provided in the Bylaws, such matters will be resolved by the majority of all votes cast in person, by proxy, or by absentee ballot.

SECTION 5. GENERAL. The results of all voting will be posted on the Association's bulletin board in a timely manner.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 2. Powers. The Board of Directors shall have power to:

A. Adopt and publish rules and regulations governing the use of the common areas and 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 other 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. Such rights may also be suspended after notice and hearing, for a period not to exceed 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 from three (3) consecutive regular meetings of the Board of Directors; and

E. Employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties, and enter into any contracts with any outside parties for the providing of any and all services that the board of directors deems appropriate for the benefit of the association.

Section 3. 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 and to present a statement thereof to the members at the annual meeting 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;

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 the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

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

(3). Authorize the filing of a lien against the property when a payment is 180 days late, or earlier if deemed appropriate by the Board of Directors. The due date for assessments is 30 days after the first day of the month. If payment is made after the last day of the month an 18% annual interest charge will be added to the assessment; and

(4). Consider foreclosure proceeding when payment is 270 days late;

D. Issue, or 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 an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

G. Cause the common areas to be maintained;

H. Cause the exterior of the dwellings to be maintained;

I. Prior to each annual meeting set a date for the first meeting of the new Board; and

J. Designate the highest ranking officer who is a continuing director to serve as Chairperson Pro Tempore of the first Board meeting after the annual meeting. After all officers are elected the Pro Tempore shall turn the meeting over to the newly elected officers.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president who shall at all times be members of the Board of Directors, a secretary and a treasurer and such other officers as the Board may from time to time by resolution create.

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 one (1) year unless said officer shall sooner resign, or shall be removed, or otherwise disqualified to serve. ** No Board Member may hold the position of President for more than two consecutive terms.

**** Article VIII, Section 3, Term: The last sentence has been added to this section.**

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 thereon, 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 he/she replaces.

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 of any 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:

A. President. 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; and shall co-sign promissory notes and checks, as directed by the Board of Directors.

B. Vice-President. The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

C. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Association and affix it on all papers requiring said seal, 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.

D. Treasurer. The treasurer shall for the Association:

(1). Establish a procedure to see that all monies are deposited in the correct account;

(2). Disburse funds as directed by resolution of the Board of Directors and appropriately dispose of all legal debts of the Association;

(3). Ascertain that all checks and promissory notes have been signed by an officer approved by the Board of Directors;

(4). Ascertain that the proper books of accounting are maintained.;

(5). After the completion of each fiscal year cause an annual audit of the Association's books to be made by a Public Accountant or Audit Committee, at the discretion of the Board; and

(6). Present last year's budget, last year's expenditures and the current year's annual budget to members unable to attend the annual meeting.

ARTICLE IX

COMMITTEES

The Board shall appoint 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. The Board of Directors shall appoint the

Chairperson of each committee. The chairman may be a member of the Board. Each committee chairman shall be responsible for reporting actions of the committee. The committee chairperson is responsible for adhering to the operating procedures approved by the Board.

ARTICLE X

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 primary office of the Association where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. Any assessment that is not paid when due will be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest at the rate of eighteen percent (18%) per annum; and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common areas or abandonment of his/her lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "ROYAL OAKS PROPERTY OWNERS ASSOCIATION, INC."

ARTICLE XII

CONFLICTS

In the case of any conflict between the Articles of Incorporation and these Bylaws the Articles shall control; and in the case of any conflict between the declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December.

IN WITNESS WHEREOF we, being all of the directors of Royal Oaks Property Owners Association, Inc. have hereunto set our hands on this ____ day of _____ 2002 .

Royal Oaks Property Owners Association
