

FILED

**CHARTER
OF
MURRAY LANE PROPERTIES COMMON
FACILITIES ASSOCIATION, INC.**

Pursuant to the provisions of Section 48-52-101 of the Tennessee Nonprofit Corporation Act, as amended, the undersigned incorporator delivers the following charter for filing with the Secretary of State:

ARTICLE I

The name of the corporation is MURRAY LANE PROPERTIES COMMON FACILITIES ASSOCIATION, INC.

ARTICLE II

The corporation is a mutual benefit corporation and is not organized for profit.

ARTICLE III

The address of the principal office of the corporation in the State of Tennessee is c/o Zaring National Corporation, Two Brentwood Commons, 750 Old Hickory Boulevard, Brentwood, Tennessee 37027.

ARTICLE IV

The address of the registered office of the corporation shall be c/o Zaring National Corporation, Two Brentwood Commons, 750 Old Hickory Boulevard, Brentwood, Tennessee 37027. The registered agent at that office shall be Richard J. Bell.

ARTICLE V

The purposes for which the corporation is organized are:

(a) To establish, operate, manage, and maintain certain recreational facilities (the "Recreational Facilities") for the benefit of certain residents of residential developments constructed by Murray Lane Associates (the "Developer"), including without limitation on the date hereof; The Waterford development created by the Declaration of Covenants, Conditions and Restrictions for Waterford of record in Book 0703, page 183, Register's Office for Williamson County ("Waterford Declaration"), the Highland View development created by the Declaration of Covenants, Conditions and Restrictions for Highland View of record in Book 788, page 519, Register's Office for Williamson County ("Highland View Declaration"). The Waterford Declaration and the Highland View Declaration and the Declarations creating such future communities as may be constructed by the Developer in the vicinity of Highland View, being sometimes referred to as the "Declarations". Each of the Owners as defined in the Declarations, shall also be members of the corporation (herein sometimes referred to as the "Umbrella Association"), except for

certain owners of the Waterford development, who may be excluded from participation in the Umbrella Association by reference in the initial deed of conveyance from the Developer to such owner.

(b) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the Recreational Facilities.

ARTICLE VI

The corporation is to have members, and each Owner, as that term is defined in the Declarations, shall be a member of the Corporation and no other person or entity shall be entitled to membership. No Owner shall be required to pay any consideration whatsoever solely for his membership in the Corporation. Each Owner of Highland View, certain Owners of Waterford and each owner of certain additional properties to be created by the Developer in the general vicinity of Highland View shall be considered Members of the Corporation for all purposes herein. The Declarations creating any such residential community shall specifically provide that each Owner as defined therein and shall automatically be a member of the Umbrella Association and be entitled to all privileges, rights afforded thereby and subject to all responsibilities and duties as provided in this Charter and in the Bylaws of the Corporation. Waterford and Highland View shall be considered "Constituent Associations" for all purposes hereunder as shall such future developments of the Developer as may be specifically included hereunder pursuant to the Declaration for such development. Provided, however, that the total of such Constituent Associations shall not exceed seven (7) and the total number of lots or sites entitled to the benefits of the Recreational Facility shall not exceed 250.

ARTICLE VII

(a) The share of a Member in the funds and assets of the Corporation cannot be assigned, pledged or transferred in any manner except as an appurtenance to his membership in the Constituent Association.

(b) Each Member shall be entitled to one vote.

(c) No Member other than the Developer shall be entitled to vote at any meeting of the Corporation until he has presented evidence of ownership of a Lot in a Constituent Association to the Corporation. The vote of each Member may only be cast by such Member or by a proxy given by such Member to his duly authorized representative. If title to a Lot shall be in the name of two or more persons as owners, any one of such Members may vote as the owner of the Lot at any meeting of the Corporation and such vote shall be binding on such other Members who are not present at such meeting until written notice to the contrary has been received by the Corporation, in which case the unanimous action of all such Members (in person or by proxy) shall be required to cast their vote as Members. If two or more of such Members are present at any meeting of the Corporation, then unanimous action shall also be required to cast their vote as Members. The vote of each such Member should be equal to such Member's Lot(s) ratable share of the Constituent Association Percentage Interest as defined in VIII(c) below.

(d) A Member in default with respect to any provision of the Declaration shall not be entitled to vote at any meeting of the Corporation so long as such default is in existence.

ARTICLE VIII

(a) The number of Directors of the Corporation shall be equal to the number of Constituent Associates but shall not be less than three (3). The Directors of the Corporation shall be appointed by the Developer until after transfer of control to the owners of each Constituent Association, as provided in the respective Declarations for each such Constituent Association.

After such time, the Directors shall consist of the President of each such Constituent Association or other duly elected representative as may be elected by the members of such Constituent Association at the annual meeting of such members as provided in the respective bylaws of the Constituent Association to serve in accordance with the term of office established in such bylaws.

(b) Directors may take any action which they are required or permitted to take without a meeting on written consent, setting forth the action so taken, signed by all of the Directors entitled to vote thereon.

(c) Each director shall be entitled to a vote equal to the "Constituent Association Percentage Interest," which shall be calculated by taking the number of sites or lots in a given Constituent Association which are entitled to membership in the Corporation and dividing that number by the total of all such lots or sites entitled to so participate. The total of all Constituent Association Percentage Interest shall always remain one. Upon the annexation or submission of additional sites or lots in any Constituent Association, the Board of Directors shall forthwith cause the Constituent Association Percentage Interest in the Corporation to be recalculated accordingly, reflecting the addition of such sites or lots.

(d) The initial Board of Directors shall be composed of the following individuals:

Daniel W. Jones
Two Brentwood Commons
750 Old Hickory Boulevard
Brentwood, Tennessee 37027

Nelson Holt
Two Brentwood Commons
750 Old Hickory Boulevard
Brentwood, Tennessee 37027

Richard J. Bell
Two Brentwood Commons
750 Old Hickory Boulevard
Brentwood, Tennessee 37027

ARTICLE IX

Upon the dissolution of the Corporation, all assets of the Corporation shall be distributed to a non-profit organization with purposes similar to those of the Corporation. Such organization to be chosen by the Board of Directors of the Corporation as part of the plan of dissolution of the Corporation.

ARTICLE X

No provision of this Charter shall be amended or modified unless the Owners of Lots or Sites comprising two-thirds of the Total Constituent Association Percentage Interest, consent to such change.

ARTICLE XI

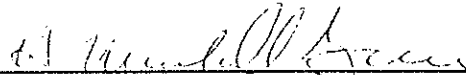
So long as the developer under any of the respective Declarations retains a weighted vote within such Constituent Association, the Corporation shall not annex any additional

properties, participate in any merger or consolidation, mortgage any portion of the common areas, amend this Charter or dissolve the Corporation without the prior consent of the Secretary of United States Department of Housing and Urban Development, the Director of the Veterans' Administration, or the Federal Home Loan Mortgage Corporation, as the case may be.

IN WITNESS WHEREOF, the undersigned, having capacity to contract and acting as the Incorporator under the Tennessee Non-Profit Corporation Act, submits the foregoing Charter for Murray Lane Properties Common Facilities Association, Inc.

Dated this 9th day of May, 1989.

MURRAY LANE PROPERTIES
COMMON FACILITIES
ASSOCIATION, INC.


H. Marshall Greene, Incorporator

BYLAWS
OF
MURRAY LANE PROPERTIES COMMON FACILITIES ASSOCIATION, INC.

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ARTICLE 1: DEFINITIONS

1.01. **Association.** "Association" shall mean and refer to the Murray Lane Properties Common Facilities Association, Inc., a Tennessee not-for-profit corporation, created to administer the Property and the Recreational Facilities located thereon and being sometimes referred to as the "Umbrella Association".

1.02. **Constituent Association.** "Constituent Association" means the certain residential developments created by the Developer on real property located in the vicinity of Highland View, consisting of a maximum of seven (7) such developments, comprising a total of two hundred fifty (250) or less Sites or Lots and presently including the Waterford and Highland View Developments.

1.03. **Constituent Association Percentage Interest.** "Constituent Association Percentage Interest" shall mean and refer to the ratio that the number of sites or lots in a given Constituent Association that are entitled to participate or to use the Recreational Facilities bears to the total of such sites or lots entitled to such use.

1.04. **Declarations.** "Declarations" means those certain declarations of covenants, conditions and restrictions, which are or shall be filed for record in the Register's Office for Williamson County, Tennessee, and which documents shall create the developments constituting the Constituent Associations.

1.05. **Developer.** "Developer" means Zaring National Corporation, an Ohio corporation, its successors and assigns.

1.06. **Directors.** "Directors" shall mean and refer to the Board of Directors of the Association, each of which shall either be the president or a designated representative of the Constituent Associations.

1.07. **Highland View.** "Highland View" means that certain open space residential development named Highland View, created by that Declaration of Covenants, Conditions and Restrictions for Highland View of record in Book _____, page _____, Register's Office for Williamson County, Tennessee.

1.08. **Members.** "Members" means the Owners of any Site or Lot as defined in any of the Declarations, which are entitled pursuant to the terms of said Declarations to the use and benefit of the Recreational Facilities to be operated by the Association.

1.09. **Property.** "Property" means and refers to all of that real property that is or shall be owned by the Association and on which the Association intends to construct and/or operate the Recreational Facilities.

1.10. **Recreational Facilities.** "Recreational Facilities" shall mean and refer to the contemplated construction of a pool, and pavillion, and the possible construction of hiking trails or picnic areas or a combination thereof by the Developer in Developer's discretion, together with such other improvements as may hereafter be added thereto in accordance with the provisions of these Bylaws.

1.11. **Waterford.** "Waterford" means that certain residential development known as Waterford, created pursuant to the Declaration of Covenants, Conditions and Restrictions of record in Book 703, page 183, Register's Office for Williamson County, Tennessee, containing twenty-eight (28) sites. Pursuant to Section 4.2(a) of the Waterford Declaration, the number of Sites in Waterford that may participate in the

Umbrella Association shall be determined following the initial conveyance of each site by the Developer.

ARTICLE 2: OFFICES

2.01. **Registered Office.** The registered office of the corporation shall be at Zaring National Corporation, Two Brentwood Commons, 750 Old Hickory Boulevard, Brentwood, Tennessee 37027, and the name of the registered agent of the corporation is Richard J. Bell.

2.02. **Other Offices.** The corporation may also have offices at such other places both within and without the State of Tennessee as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE 3: MEMBERS

3.01. **Membership.** Each Owner as defined in any of the Declarations shall be a Member of the corporation and no other person or entity shall automatically be entitled to membership and membership privileges. No Member shall be required to pay any consideration whatsoever solely for his membership in the corporation.

ARTICLE 4: MEETINGS OF MEMBERS

4.01. **Place of Meetings.** Meetings of the Members of the corporation may be held at a place to be determined by the Board of Directors within Davidson or Williamson County, Tennessee.

4.02. **Annual Meeting.** Unless otherwise specified in a written notice from the Board of Directors, an annual meeting of the Members of the corporation shall be held each year on the second Thursday of the third month following the close of the fiscal year if not a legal holiday, and if a legal holiday, then on the next secular day following, at 7:00 p.m. at which time the Members shall transact such business as may properly be brought before the meeting. Provided, however, the annual meeting must be held no later than forty-five (45) days from the original scheduled date.

4.03. **Special Meeting.** Special meetings of the Members, for any purpose or purposes, may be called by the president, the Board of Directors, or by Members having not less than five (5%) percent of the total percentage values of those votes entitled to be cast at such meeting. Business transacted at all special meetings shall be confined to the objects stated in the notice of-such meeting.

4.04. **Notice.** Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or person calling the meeting, to each Member of the corporation entitled to vote at such meeting.

4.05. **Quorum.** The presence in person or by proxy of more than twenty-five (25%) percent of the percentage values of those votes entitled to be cast at a meeting of the Members shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, the Members entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the

meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted at which might have been transacted at the meeting as originally notified.

4.06. Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting, the vote of the holders of more than fifty per cent (50%) of the percentage values of those votes entitled to be cast of Members qualified to vote and present in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Charter of the corporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

4.07. Method of Voting; Proxies. Each Member shall be entitled to a vote the value of which is the ratio that each Lot owned by such Member in any Constituent Association bears to the total of all participating Lots in all Constituent Associations. No Member, other than the Developer, shall be entitled to vote at any meeting of the corporation until such Member has presented evidence of ownership of a Lot in a Constituent Association to the Board of Directors. The vote of each Member may only be cast by such Member or by a proxy given by such Member to his duly authorized representative bearing a date not more than eleven months prior to such meeting. Such proxy shall be filed with the secretary of the corporation prior to or at the time of the meeting. If title to a Lot shall be in the name of two or more persons as Owners, all of such persons shall be Members of the corporation and are referred to herein as "Joint Owners". Any one of such Joint Owners may vote at any meeting of the Members of the corporation and such vote shall be binding upon such other Joint Owners who are not present at such meeting until written notice to the contrary has been received by the Board of Directors in which case the unanimous vote of all such Joint Owners (in person or by proxy) shall be required to cast their vote as Members. If two or more of such Joint Owners are present at any meeting, their unanimous action shall also be present at any meeting, their unanimous action shall also be required to cast their vote as Members of the corporation.

4.08. Cumulative Voting Denied. Cumulative voting for Directors shall not be permitted.

ARTICLE 5: DIRECTORS

5.01. Management. The business and affairs of the corporation shall be managed by its Board of Directors who may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, the Charter, or these Bylaws, directed or required to be exercised or done by the Members.

5.02. Number; Qualifications; Election; Term. The Board of Directors shall consist initially of three (3) Directors, each of whom shall be a Member of the Association or a partner or employee of the Developer, or its subsidiaries or affiliates. The Members of the initial Board of Directors shall serve until their successors are either elected or appointed. Each Director elected to replace an original Director shall serve for a term of office ending with the third annual meeting of Members following his election or until his successor shall be elected and shall qualify. The Directors shall be appointed by the Developer until after the turnover of control of any Constituent Association by the Developer in accordance with the provisions of the

respective Declaration and other governing documents of such Constituent Association, at which time the president or such duly other elected representative of the Constituent Association shall automatically become a Director of the corporation. Directors shall serve without compensation.

5.03. Removal; Change in Number; Vacancies. Any Director (except those appointed by the Developer) may be removed either for or without cause, at any special meeting of the Owners of the Constituent Association which that Director represents in accordance with the governing documents of such Constituent Association. If any vacancy occurs in the Board of Directors, caused by death, resignation, retirement, disqualification or removal from office of any Director or otherwise, a successor or successors may be designated by the Owners in such Constituent Association represented by such Director. In the event a Constituent Association fails to designate a representative to serve as a Director of the corporation, the Board of Directors shall be entitled to appoint a Director to serve until such time as such Constituent Association gives notice of its new representative.

5.04. Place of Meetings. The Directors of the corporation shall hold their meetings, both regular and special within Williamson County, Tennessee.

5.05. Annual Meeting. Unless otherwise specified in a written notice from the Board of Directors, an annual meeting of the Board of Directors shall be held on or about the third Thursday of April, if not a legal holiday, and if a legal holiday, the next secular day, at 7:00 P.M., at which time the Board of Directors shall convene for the purpose of electing its officers and shall transact such other business as may be properly brought before the meeting. Provided, however, that such annual meeting may not be held earlier than the specified date if the result of the rescheduling would be to hold the annual meeting prior to the annual meetings of any of the Constituent Associations.

5.06. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

5.07. Special Meetings. Special meetings of the Board of Directors may be called by the president on a three (3) days notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two (2) Directors. Except as may be otherwise expressly provided by statute, the Charter or these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

5.08. Quorum. At all meetings of the Board of Directors the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors, when present at any meeting at which there is a quorum, shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

5.09. Committees Having Board Authority. The Board of Directors may, by resolution approved by vote or written consent by a majority of the whole Board, designate one (1) or more committees to consist of two (2) or more of the Directors of the corporation. Any such committee, to the extent provided in said resolution, shall and may exercise all of the authority of the Board of Directors in the

management of the business and affairs of the corporation, except where action of the full Board of Directors is required by statute or the Charter.

5.10. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the corporation may be designated and appointed by a resolution adopted by a majority of the Directors at a meeting at which a quorum is present, or by the president thereunto authorized by a like resolution of the Board of Directors. Membership on such committees may, but need not be, limited to Directors or Members of the corporation.

5.11. Procedure. All committees shall keep regular minutes of their proceedings and shall report the same to the Board when required.

5.12. Managing Agents. The Board of Directors may employ for the corporation a management agent at a compensation established by the Board of Directors and such management agent shall perform such duties and services with respect to the Recreational Facilities and affairs of the Association as the Board of Directors shall authorize, and the Board of Directors may delegate to such management agent such duties with respect to management, repair and maintenance of the Recreational Facilities and other common areas which are not by statute, the Charter or these Bylaws, required to be performed by or have the approval of the Board of Directors or the Members of the corporation.

ARTICLE 6: NOTICES

6.01. Method. Whenever notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, postage prepaid, addressed to such Director or Member at such address as appears on the records of the corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be thus deposited in the United States mails as aforesaid.

6.02. Waiver. Whenever any notice is required to be given to any Member or Director of the corporation a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice.

ARTICLE 7: OFFICERS

7.01. Number; Titles. The officers of the corporation shall be elected by the Directors from among the members of the Board of Directors and shall be a president, a secretary and a treasurer. Any two (2) or more offices may be held by the same person except the offices of president and secretary shall not be held by the same person.

7.02. Election. The Board of Directors at its first meeting after each annual meeting of Members shall choose a president, a secretary, and a treasurer, all of whom shall be members of the Board.

7.03. Other Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms

and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

7.04. Salaries. The salaries of all officers of the corporation, if any, shall be fixed by the Board of Directors. No salary shall be payable during such time as the Directors are appointed by the Developer.

7.05. Term of Office; Removal. Each officer of the corporation shall hold office until the annual meeting of the Board of Directors next following his election and thereafter until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If the office of any officer become vacant for any reason, the vacancy may be filled by the Board of Directors.

7.06. President. The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of the affairs of the corporation, shall see that all orders and resolutions of the Board are carried into effect, and shall perform such other duties as the Board of Directors shall prescribe.

7.07. Secretary. The secretary shall attend all sessions of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be.

7.08. Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation, and shall perform such other duties as the Board of Directors may prescribe. If required by the Board of Directors, he shall give the corporation a bond in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE 8: INSURANCE

8.01. Coverages and Required Provisions. The Association shall maintain the following insurance coverage:

(a) Fire and extended coverage insurance covering all improvements and all personal property, equipment, fixtures and supplies owned by the Association. The face amount of such policy or policies shall not be less than one hundred percent

(100%) of the current replacement cost of the property required to be covered by this Section. Such policy shall contain an agreed amount and an inflation guard endorsement, if such can be reasonably obtained, and also construction code endorsements, such as demolition costs endorsement, contingent liability from operation of building laws endorsement and increased cost of construction endorsement. Such policy shall also contain steam boiler and machinery coverage endorsements, if applicable. The insurance policies so purchased shall be purchased by the Association for the use and benefit of individual Members and their mortgagees. The Association shall issue certificates of insurance to each Member showing and describing the insurance coverage for the interest of each Member, and shall develop procedures for the issuance, upon request, of a copy of the policy together with standard mortgagee endorsement clauses to the mortgagees of Members. To the extent reasonably available, such policy shall waive rights of subrogation against Members, the Association, and all agents of the Association. The insurance policies purchased by the Association shall also provide, to the extent reasonably available, that the insurance will not be prejudiced by any acts or omissions of Members that are not under the control of the Association, and that such policies will be primary even if the Member has other insurance that covers the same loss. The insurance policy shall also provide that any applicable insurance trust agreement will be recognized.

(b) Public liability insurance shall be secured in such amounts, with such coverage, as shall be determined by the Board of Directors of the Association, but such policy shall be a policy in an amount of not less than One Million Dollars (\$1,000,000) per occurrence, including but not limited to:

(i) Bodily injury and property damage resulting from the operation, maintenance or use of the common areas or recreational facilities,

(ii) Liability resulting from employment contracts which the Association is a party, and

(iii) Hired automobile and non-hired automobiles, with cross liability endorsement to cover liabilities of the Members as a group to individual Members.

(c) Flood insurance for all buildings or other improvements, constituting insurable property and located within designated flood hazard area in an amount equal to a minimum of the maximum coverage available now or hereafter under the National Flood Insurance Program.

(d) Workmans Compensation Insurance as required by law;

(e) Directors and officers liability insurance, if available at reasonable cost, as determined in the sole discretion of the Board. It is presumptively agreed that coverage in the amount of \$250,000 per occurrence would be considered a reasonable amount of such coverage at the time of adoption of the Bylaws.

(f) Fidelity bonds on a blanket basis for anyone who either handles or is responsible for funds held or administered by the Association, whether or not he or she receives compensation for services. The Association shall be named as the obligee. The fidelity bond shall cover the maximum funds that will be held in the custody of the Association or its management agent at any time while the bond is in force and shall also cover at least the sum of one-quarter of the Association's Annual Budget plus the reserve funds of the Association. Any management agent that handles funds for the Association shall be covered by its own fidelity bond with the same coverages as are required of the Association as set forth herein.

(g) Such additional insurance and coverages and fidelity bonds as may be required by FHA, FNMA, FHLMC, or such other entity as may hold a mortgage on any site or lot in any of the Constituent Associations.

(h) Such other insurance as the Board of Directors shall determine from time to time to be desirable and in the best interest of the Members.

(i) All policies of insurance shall show the name insured, in form and substance, similar to the following: "Murray Lane Properties Common Facilities Association, Inc., for the use and benefit of the individual Members," or such named insured as may be determined by the Association from time to time. Such policy shall contain, or have issued in connection therewith, a loss payable clause which shall provide that any proceeds due shall be paid to the insurance trustee, as hereinafter defined, as trustee for each Member and the holder of each site mortgage, subject to the provisions of the Declaration for the Constituent Association for the use and benefit of the mortgagees of individual sites, if any, and Members, as their interest may appear. All policies, including fidelity bonds, must provide at least ten days' prior written notice to the Association and to each holder, insurer, guarantor and servicer of a first mortgage on a Site before the insurer can cancel or substantially modify said policy. All policies shall also contain a standard mortgagee clause and, as to mortgages on sites held by FNMA, or FHLMC, or similar financing entity, must name such entity or the servicer for the mortgages. When a servicer is named as the mortgagee, its name should be followed by the phrase, "its successors and assigns".

(j) Premiums upon insurance policies and fidelity bonds purchased by the Association shall be paid by the Association and the cost thereof shall be considered part of the Budget for the Association and shall be reflected in the assessments levied against each Member.

(k) The Association is hereby irrevocably appointed agent for each Member to purchase insurance as described and set forth in the foregoing Sections (a) through (j) above and to adjust all claims arising under insurance policies purchased by the Association.

8.02. Responsibilities of Insurance Trustee.

(a) All insurance policies purchased by the Association shall provide that proceeds covering property losses shall be paid to any bank in Tennessee which is selected by the Association as a Trustee, which bank is herein referred to as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds.

(b) The duty of the Insurance Trustee shall be to receive such proceeds as are paid, and to hold them in trust for the benefit of the mortgagees of individual Sites, if any, and Members as their interests may appear. An undivided share of such proceeds on account of damage to Common Areas or Recreational Facilities shall be allocated to the Members according to their ownership interest. In the event a mortgagee endorsement has been issued as to a site owned by a Member, the share of the Member shall be held in trust for the named mortgagees and the Member as their interests may appear.

(c) Expenses and fees of the Insurance Trustee shall be paid by the Association and costs thereof included in the Budget of the Association.

(d) Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

(i) If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be expended as provided in Article 10. Any proceeds remaining after payment of repair or reconstruction expenses shall be distributed to the beneficial owners, with remittances to Members and mortgagees of individual Sites being payable jointly to them. This is a covenant for the benefit of any mortgagee of an individual Site and may be enforced by such mortgagee.

(ii) If it is determined, as provided in Article 10, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the mortgagees of individual Sites, if any, and Members as their interests may appear. This is a covenant for the benefit of any mortgagee and may be enforced by such mortgagee.

(iii) In making distributions to Members and mortgagees, the Insurance Trustee shall rely upon a certificate executed (i) by the Association as to the names of the Members, and (ii) by each of the mortgagees as to their respective shares of the distribution.

ARTICLE 9: ENFORCEMENT ACTIONS

The Association shall have the right to prosecute any proceedings at law or in equity against any person or persons violating any of the provisions of these Bylaws, the Charter of the Association or any rules and regulations as may be promulgated from time to time by the Board of Directors and to obtain relief by way of injunction, money damages, or both and shall be entitled to the costs thereof, including reasonable attorney's fees. In the event that any provision of these Bylaws shall be held invalid by judgment or court order, it shall not be deemed to affect any of the other provisions herein, which shall continue and remain in full force and effect. In the event that any provision hereof shall be declared void by a court of competent jurisdiction by reason of the period of time for which the same shall be effective, then the term of such provisions shall be reduced by the maximum period of time allowed by the laws of the State of Tennessee.

ARTICLE 10: RECONSTRUCTION OR REPAIR

10.01. Vote of Member. If not more than two-thirds (2/3) of the Recreational Facilities shall be damaged by fire or any other disaster, then the Recreational Facilities shall be rebuilt or repaired. If such damage shall affect more than two-thirds (2/3) of the Recreational Facilities, then reconstruction shall not be compulsory without the consent of Directors entitled to vote eighty percent (80%) of the total Constituent Association Percentage Interest. The determination of the percentage of destruction of the Condominium Project shall be by a vote of the Directors.

10.02. Plan for Reconstruction. Any reconstruction or repair of the Recreational Facilities shall be substantially in accordance with the original plans and specifications for the Recreational Facilities unless the Directors shall unanimously decide otherwise.

10.03. **Costs of Repair.** As soon as possible after the occurrence of a casualty which causes damage to any part of the Property for which the Association has insurance coverage (hereinafter referred to as the "Casualty"), the Association shall obtain reliable and detailed cost estimates of the restoration and repair to such property.

10.04. **Payment.** All insurance proceeds available to the Association with respect to the Casualty shall first be applied to the payment of the actual repair and restoration to such Property. However, if such insurance proceeds are not sufficient to cover such estimated costs, then an assessment shall be made against the Members by the Association on a pro rata basis to cover any shortfall between available insurance proceeds and the cost to repair or reconstruct.

ARTICLE 11: ASSESSMENTS

11.01. Annual and Special Assessments.

(a) The Directors shall establish an annual budget in advance for each fiscal year of the Association of all Association expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Recreational Facilities, including a reasonable allowance for contingencies and reserves. The assessment of each Member for a pro rata share of the Association expenses for such year shall be established by the adoption of such annual budget by the Directors. Copies of such budget shall be delivered to each Member, although the delivery of a copy of the budget to each Member shall not affect the liability of any Member for any existing or future assessments. Should the Directors at any time determine, in their sole discretion, that the assessments levied are insufficient to pay such expenses in any fiscal year, the Directors may at any time and from time to time levy such additional assessments as they shall deem necessary for such purpose.

(b) Special assessments may be made by the Directors at any time and from time to time to meet other requirements of the Association including, but not limited to, capital improvements; provided, however, that any such special assessment shall not be levied without the prior approval of at least seventy-five (75%) of the total percentage of ownership of all of the Members.

11.02. **Allocation and Payment of Assessments.** All assessments levied against the Members to cover Association expenses shall be apportioned among and paid by the Members through the Constituent Association as part of their assessment to such Constituent Association. The aggregate of any participating Constituent Association's responsibility for assessments shall be calculated by applying the Constituent Association Percentage Interest against the annual budget of the Umbrella Association. Assessments shall be due and payable upon notice by the Umbrella Association to the affected Constituent Association. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on the due date for such payment, and shall bear interest at the rate of eighteen percent (18%) per annum or the maximum rate allowable by law, whichever is less, commencing from and after such assessment is thirty (30) days past due until paid in full. Each Member (whether one or more persons) shall be and remain personally liable for the payment of all assessments which may be levied against such Member by the Umbrella Association in accordance with these Bylaws, and any unpaid assessments with accrued interest thereon may be collected in accordance with Section 11.03 hereof.

11.03. Collection of Assessments. The Association may enforce collection of delinquent assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid assessments including interest, costs and attorneys' fees, shall be chargeable to the Member or Constituent Association in default. A Member in default of his obligations to the Association or other Members as set forth herein shall not be entitled to vote at any meeting of the Association so long as such default is in existence nor shall such Member be entitled to use the Recreational Facilities.

11.04. No Exemptions. No Member may exempt himself from liability for his contribution toward the expenses of the Association by waiver of the use or enjoyment of any of the Recreational Facilities or by the abandonment or sale of his Site or Lot in a Constituent Association.

11.05. Status Certification. Upon written request by any prospective mortgagee or purchaser of a Site or Lot, the Association shall certify to such person whether any assessments have been made as to such Site or Lot that remain unpaid in the amount thereof. If such information is relied upon by a prospective mortgage or purchaser to its detriment, it shall be combining upon the Association even though such information may later be discovered to have been inaccurate.

ARTICLE 12: MISCELLANEOUS PROVISIONS

12.01. Reserves. There may be created by resolution of the Board of Directors such reserve or reserves as the Directors from time to time, in their discretion, think proper to provide for contingencies, or to repair or maintain any portion of the Recreational Facilities, or for such other purposes as the Directors shall think beneficial to the corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

12.02. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

12.03. Fiscal Year. The fiscal year of the corporation shall be the calendar year unless another fiscal year is fixed by resolution of the Board of Directors.

12.04. Seal. The corporate seal, if any, shall be in such form as may be determined by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

12.05. Indemnification. The corporation shall indemnify any Director, officer, or employee, or former Director, officer, or employee of the corporation, against expenses actually and necessarily incurred by him, and any amount paid in satisfaction of judgments, in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer, or employee (whether or not a Director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The corporation may also reimburse to any Directors, officer or employee the reasonable costs of settlement of any such action, suit or proceedings, if it shall be found by a majority of a committee of the Directors not involved in the matter of controversy, whether or not a quorum, that it was to the interests of the corporation that such settlement be made and that such Director, officer or employee was not

guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer, or employee may be entitled by law or under bylaw, agreement, vote of Members or otherwise.

12.06. **Inconsistencies.** In the event these Bylaws shall be inconsistent with the Charter, then the Charter shall be controlling.

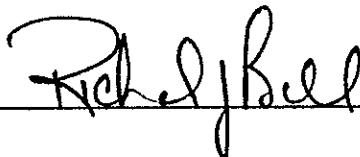
12.07. **Amendment of Bylaws.** These bylaws may not be altered, amended or repealed except by the affirmative vote of more than fifty (50) per cent of the percentage values of those votes entitled to be cast by Members qualified to vote. Notwithstanding the foregoing, for so long as the Developer maintains its weighted vote as provided in any of the Declarations, any and all amendments to these Bylaws shall be subject to the veto of the Veteran's Administration, the Federal Housing Administration, or the Federal Home Loan Mortgage Corporation to the extent necessary to insure compliance with such programs.

12.08. **Rules and Regulations.** The Board of Directors shall be entitled to promulgate Rules and Regulations from time to time governing the use and enjoyment of the Recreational Facilities and any other Property of the Association.

12.09. **Table of Contents; Headings.** The table of contents and headings used in these bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

CERTIFICATION

I hereby certify that the foregoing Bylaws were adopted by the Incorporator of Murray Lane Properties Common Facilities Association, Inc. on the 16 day of MARCH, 1989.



President