

BYLAWS

OF

POPLAR GROVE TOWNHOUSE CORPORATION

ARTICLE I

Members (Unit Owners)

Section 1. Eligibility. The members of the Poplar Grove Townhouse Corporation, a Tennessee not-for-profit corporation (the "Association"), shall consist of the respective Unit Owners of Poplar Grove Townhomes, a Horizontal Property Regime with Private Elements (the "Property"). These and other terms are used in these Bylaws as they are defined in the Declaration of Covenants, Conditions and Restrictions for Poplar Grove Townhomes, a Horizontal Property Regime with Private Elements (the "Declaration") which Declaration is recorded in the Register's Office for Rutherford County, Tennessee. The words "member" or "members" as used in these Bylaws mean and shall refer to "Unit Owner" or "Unit Owners," as the case may be, as defined in the Declaration. If a Unit Owner is a land title holding trust under the terms of which all powers of management, operation and control of the Unit remain vested in the trust beneficiary, then the member shall be the beneficiary of such trust.

Section 2. Succession. The membership of each Unit Owner shall terminate when such Owner ceases to be a Unit Owner, and upon the sale, transfer or other disposition of such Owner's ownership interest in the Property, such Owner's membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such ownership interest.

Section 3. Annual Meetings. The annual meeting of Unit Owners shall be held at the time and place specified in the notice of such meeting, but such place shall be within five (5) miles of the Property. The annual meeting of Unit Owners shall be held within sixty (60) and one hundred twenty (120) days following the end of the Association's fiscal year. At the annual meeting, the Unit Owners shall elect Directors, receive reports on the activities and financial condition of the Corporation, and transact such other business as may properly come before the meeting.

Section 4. Special Meetings. The Association shall hold a special meeting of its Unit Owners upon the call of the Board of Directors or the President, or upon the written demands) to the Secretary by Unit Owners holding at least ten (10%) percent of all votes entitled to be cast on any issue to be considered at the proposed special meeting. Any call or demand for a special meeting shall describe the purpose(s) for which the special meeting is to be held. Only business within the purpose(s) described in the meeting notice for the special meeting may be conducted at such meeting.

Section 5. Notice of Meetings. The Association shall notify its Unit Owners of the date, time and place of each annual and special meeting of Unit Owners no fewer than ten (10), nor more than forty-five (45), days before the meeting date. The notice of a meeting shall also contain such other information which may be required by these Bylaws.

Section 6. Waiver of Notice. A Unit Owner's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting unless the Unit Owner at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice, unless the Unit Owner objects to considering the matter when it is presented.

Section 7. Voting. The aggregate number of votes of all Unit Owners shall be as follows:

Class A. Class A members shall be all Unit Owners, with the exception of the Developer, and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

Class B. The Class B member shall be the Developer and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when one hundred percent (100%) of the Units in all phases of Poplar Grove Townhomes which are contemplated to be platted have been sold by Developer; or

(ii) June 1, 2008.

Notwithstanding the foregoing, no Unit Owner who is in default in the payment of assessments hereunder shall be entitled to exercise the right to vote hereunder until such Owner has cured such default. A Unit Owner shall be deemed to be in default if such Owner has not paid his or her assessments to the Board, or their agent, within ten (10) days after the date such assessments are due. A Unit Owner may protest the amount of the assessment, but it still must be paid during the pendency of the protest to the Board.

Section 8. Quorum. Unless otherwise required by law, one-third of the votes entitled to be cast by Unit Owners must be represented at any meeting of the Unit Owners to constitute a quorum on that matter. If, however, such quorum is not represented at any such meeting, the Unit Owners present at the meeting in person or represented by proxy shall have the power to adjourn the meeting and schedule a follow-up meeting at which the quorum requirement shall be one-half of that required

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for the previous meeting. Notice of the follow-up meeting shall be given in similar manner to the previous meeting. At such time as a quorum is present, the meeting shall be held when any business may be transacted which might have been transacted at the meeting as provided in the original notice.

Section 9. Voting Requirements. Except as otherwise provided in these Bylaws, the Declaration or the Act, action on any matter voted upon at a meeting of the Unit Owners is approved if a majority of the Unit Owners vote in favor of the action. However, Directors shall be elected by a plurality of the votes cast by the Unit Owners entitled to vote in the election at a meeting of the Unit Owners at which a quorum is present. Unit Owner shall vote in person or by proxy executed in writing by the Unit Owner. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the Unit Owner of his Unit. No proxy shall be valid unless promulgated by the Board of Directors as an official proxy. A corporate Unit Owner's vote shall be cast by the President of the Unit Owner corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation. Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the Unit Owners present at the meeting shall, prior to the voting on any matters, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the Unit Owner, the official solicitation of proxies for such elections may be conducted by mail.

Section 10. Action by Written Consent Action which is required or permitted to be taken at a meeting of the Unit Owners may be taken without such a meeting if all Unit Owners entitled to vote on the action consent to taking such action without a meeting. If all of such Unit Owners so consent, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the Unit Owners, except as otherwise provided in these Bylaws. Such consent (or counterpart(s) thereof) shall describe the action taken, be in writing, be signed by each Unit Owner entitled to vote on the action, indicate each signing Unit Owner's vote or abstention on the action, and be delivered to the Secretary of the Association and included in the minutes or Association records.

Section 11. Action by Written Ballot. Any action which may be taken at any annual or special meeting of Unit Owners may be taken without a meeting if the Association delivers a written ballot to every Unit Owner entitled to vote on the matter. The written ballot shall set forth each proposed action and shall provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall:

- (a) Indicate the number of responses needed to meet the quorum requirements;
- (b) State the percentage of approvals necessary to approve each matter other than election of Directors; and

(c) Specify the time by which the ballot must be received by the Association in order to be counted.

ARTICLE II

Board of Directors

Section 1. Number. Election and Term of Office. The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the "board of administration," and sometimes referred to herein as the "Board") shall consist of five (5) persons (hereinafter referred to as "Directors"). Directors shall be elected at the annual meeting of Association's Unit Owners by the vote of Unit Owners (including the Developer and any builders) as hereinafter provided, except that the Developer shall appoint the interim Board of Directors ("Interim Board") until the first meeting. At the first meeting, the Unit Owners (including the Developer and any builders) shall among other business elect the members of the first Board of Directors ("First Board"). Those candidates for election as director receiving the greatest number of votes cast either in person, by ballot or by proxy at the meeting shall be elected. Directors, except for members of the First Board and Interim Board shall hold office for the term of two (2) years and until his or her successor shall be elected and qualified. Two (2) members of the First Board shall hold office until the second annual meeting of the Association's Unit Owners, and three (3) members of the First Board shall hold office until the third annual meeting of Association's Unit Owners. Nothing in this Declaration shall be construed to mean that the Developer and any builder do not have voting rights as a Unit Owner, and the Developer hereby specifically declares that the Developer, together with its successors and any builder(s) shall have and maintain the voting rights applicable to the Units owned by them (and any weighted voting rights shall remain applicable.)

Section 2. Qualification. Except for those persons making up the Interim Board, each Director shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a Director may be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner or employee of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, such Director shall cease to be a Director and his or her place on the Board shall be deemed vacant. Notwithstanding the above, until such time as the Developer has sold each and every Unit owned by the Developer, any person designated by the Developer as a qualified candidate for a Director position shall be deemed to be so qualified without regard to their ownership or non-ownership of a Unit.

Section 3. Vacancies. Any vacancy occurring in the Board shall be filled by majority vote of the remaining Directors. Any Director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the Director succeeded.

Section 4. Regular Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice at such time and place as the Board of Directors shall

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determine from time to time, but no less frequently than once a year.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any two (2) Directors.

Section 6. Notice of Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Except as otherwise provided herein, special meetings of the Board of Directors must be preceded by at least two (2) days' notice to each Director of the date, time and place, but not the purpose, of such special meeting. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

Section 7. Waiver of Notice. If a Director attends or participates in a meeting, he or she waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 8. Quorum and Voting. A quorum of the Board of Directors consists of a majority (but no fewer than two (2)) of the Directors then in office before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors, except as otherwise provided in these Bylaws.

Section 9. Vacancy. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors or a vacancy resulting from a removal of a Director with or without cause:

- (a) The Unit Owners may fill the vacancy;
- (b) The Board of Directors may fill the vacancy; or
- (c) If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all Directors remaining in office.

Any Director elected to fill a vacancy shall hold office for a term equal to the unexpired term of the Director succeeded.

Section 10. Removal of Directors. The Unit Owners may remove any one (1) or more Directors, with or without cause, at any special meeting which is specifically called for that purpose.

Section 11. Action Without Meeting. Action which is required or permitted to be taken at a meeting of the Board of Directors may be taken without such a meeting if all Directors consent to taking such action without a meeting. If all Directors so consent, the affirmative vote of the number

of Directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as otherwise provided in these Bylaws. Such consent(s) shall describe the action taken, be in writing, be signed by each Director entitled to vote, indicate each signing Director's vote or abstention on the action, and be delivered to the Secretary of the Association and included in the minutes filed with the Association's records.

Section 12. Indemnification. With respect to claims or liabilities arising out of service as a Director of the Association, the Association shall indemnify and advance expenses to each present and future Director (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

Section 13. Immunity. To the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended, each present and future Director (and his or her estate, heirs, and personal representatives) shall be immune from suit arising from the conduct of the affairs of the Association.

Section 14. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted by the Unit Owners.

Section 15. Powers and Duties. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the Property;
- (c) to engage the services of an agent (hereinafter sometimes called the "Managing Agent") to maintain, repair, replace, administer and operate the Property or any part thereof for all of the Unit Owners, upon such terms and for such compensation and with such authority as the Board may approve; provided, however, that the First Board, appointed as provided herein, shall ratify and approve the Management Agreement between the Developer, on behalf of the Association, and a management corporation, to act as Managing Agent for the Property for a term as approved by said First Board, but not to exceed one (1) year, and in accordance with Section 29(h) of the Declaration; provided further, that the Board shall not have the authority to adopt any form of management of the Property which excludes professional management by an independent agent;
- (d) to formulate policies for the administration, management and operation of the Property and the Common Elements thereof;
- (e) to adopt rules and regulations, with written notice thereof to all Unit Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time;
- (f) to provide for the maintenance, repair, and replacement of the Common

Elements and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or Managing Agent;

(g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the Common Elements, and to delegate any such powers to the Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

(h) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable, but only as allowed by law;

(j) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Unit Owners their respective shares of such estimated expenses, as hereinafter provided;

(k) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Unit Owners (as said majority is defined in the Declaration), as expressed in a resolution duly adopted at any annual or special meeting of the Unit Owners;

(l) to resolve or mediate disputes, conflicts or problems between Unit Owners;

(m) when necessary, to interpret the rules and regulations of the Association and the Declaration;

(n) to exercise all other powers and duties of a board of administration as referred to in the Horizontal Property Act of the State of Tennessee and all powers and duties of the Board of Directors referred to in the Declaration or these Bylaws.

Section 16. Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Unit Owners.

ARTICLE III

Officers

Section 1. Designation. each regular meeting, the Directors present at said meeting shall elect the following officers of the Association by a majority vote, provided a quorum exists:

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- (a) a President, who shall be a Director and who shall preside over the meetings of the Board and of the Unit Owners, and who shall be the chief executive officer of the Association;
 - (b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Unit Owners, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent;
 - (c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and
 - (d) such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term of Office. Each officer shall hold office for the term of one (1) year and until a successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the remaining Directors at a special meeting of said Board. Any Director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer succeeded.

Section 5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by the Unit Owners.

Section 6. Removal. The Board of Directors may remove any officer at any time with or without cause.

Section 7. Indemnification. With respect to claims or liabilities arising out of service as an officer of the Association, the Association shall indemnify and advance expenses to each present and future officer (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

ARTICLE IV

Assessments

Section 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year, including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses. To the extent that the assessments and other cash income collected from the Unit Owners

during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall also take into account any estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board.

Section 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Unit Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as such Owner's respective monthly assessment for the common expenses, one-twelfth (1/12) of such Owner's proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with the proportion the Unit (as one unit) owned by such Unit Owner bears to the total number of Units subject to this Declaration. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay each month the amount of such Owner's respective monthly assessment as last determined. Each Unit Owner shall pay such Owner's monthly assessment on or before the first day of each month to the Managing Agent or as may be otherwise directed by the Board. No Unit Owner shall be relieved of the obligation to pay such Owner's assessment by abandoning or not using such Owner's Unit, the Common Elements, or the Private Elements. Nothing herein shall prohibit the Association from requiring said monthly assessments to be collected in advance on a quarterly, semi-annually or annual basis.

Notwithstanding anything herein to the contrary, each initial purchaser of a Unit from the Developer shall pay to the Association at closing of the purchase of the Unit a nonrefundable amount equal to two (2) months' assessment for working capital of the Association.

The Board of Directors of the Association shall fix the commencement date for monthly or annual assessments on the first day of the month following the conveyance of the first Unit from Developer (or a builder) to an Owner (other than a builder) and shall provide for a partial assessment between the commencement date and the end of the calendar year next following. Thereafter, monthly or annual assessments shall be levied by the Board of Directors of the Association, by action taken on or before December 1 of each year for the ensuing year. The Board, in its discretion, may provide for the periodic payment of such assessments at some intervals other than monthly. Special assessments may be levied in any year for the purpose of defraying, in whole or part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, if any, including fixtures and personal property related thereto; provided that the same are first approved by affirmative vote of Members entitled to cast at least two-thirds (2/3) of the votes at a meeting of the Members duly held for that purpose. Written notice of the monthly, annual or special assessment shall be mailed (by U.S. first class mail) to every Owner subject thereto. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid and the amount of any delinquencies. The Association shall not be required to obtain a request for such certificate

signed by the Owner, but may deliver such certificate to any party who in the Association's judgment has a legitimate reason for requesting the same.

The Assessments provided for herein shall be allocated according to Units. Until otherwise established by the Board of Directors of the Association as set forth herein, the maximum annual assessment per Unit shall be One Thousand Eight Hundred no/100 Dollars (\$1,800.00). The Association at its option may allow the payment of the annual assessment on a monthly or quarterly basis. From and after one year from the date hereof, the maximum annual assessment may be increased by the Board of Directors each year by an amount up to, but not in excess of ten percent (10%) of the maximum annual assessment for the previous year without a vote of the membership.

All Units within a grouping of contiguous Units (each grouping a "Pod") shall commence to bear their assessments on the first day of the month following the conveyance of the first Unit within a Pod from Developer or a home builder to an Owner (other than a builder), and then the assessments shall only apply to the Units in such Pod. Notwithstanding anything in this Declaration to the contrary, the obligation of the Developer and any builder holding Unit(s) for the purposes of developing or constructing residence(s) thereon to pay assessments shall be subject to the provisions of the following paragraph.

Notwithstanding any provision to the contrary in these ByLaws or the Declaration to which they are attached, and except for the contribution required in this paragraph, the Developer and any Successor Developer shall be exempt from the payment of assessments for any Units owned by the Developer, and any Successor Developer until such time as the weighted voting rights provided by Section 5(b) of the Declaration no longer provide an automatic majority to the Developer or any Successor Developer. During the time that the Developer and any Successor Developer is exempt from the payment of assessments, the Developer, and any Successor Developer shall fund and pay any shortfall between the annual budget for the Association and the actual costs of operating and maintaining the Common Area and administering the Association. In order to secure payment of any such shortfall, there shall arise a continuing lien and charge in favor of the Association against all of the property owned by the Developer within the Property, the amount of which shall include interest at the maximum effective rate allowed by the law, costs, and reasonable attorney's fees to the extent permissible by law. Said obligation to fund shortfalls, together with such interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Developer or Successor Developer at the time the shortfall occurred. The lien shall survive any transfer of title and the property shall remain subject to levy and execution. The Developer's, and any Successor Developer's, obligation to fund any such shortfall shall terminate at such time as the Developer's, and any Successor Developer's, weighted voting rights no longer provide an automatic majority to the Developer or any Successor Developer.

Section 3. Partial Year Or Month. For the first fiscal year and thereafter until the First Board is elected, the annual budget shall be approved by the Interim Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Unit Owner shall be proportionate to the number of months and days in such period covered by such budget. Each Unit Owner shall pay such Owner's assessment for the following month or fraction of

a month, which assessment shall be in proportion to the Owner's respective ownership interest in the Association and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be computed by the Board.

Section 4. Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Unit Owner, and to any other party required by the Declaration, a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 5. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated common expenses and limited common expenses for the remainder of such year will be inadequate, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a supplemental assessment shall be made to each Unit Owner for such Owner's proportionate share of such supplemental budget.

Section 6. Lien. It shall be the duty of every Unit Owner to pay such Owner's proportionate share of the common expenses and limited common expenses, as provided in the Declaration, and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the common expenses or limited common expenses when due, the amount thereof, together with interest thereon at the rate of ten percent (10%) per annum after said common expenses become due and payable, shall constitute a lien, as provided in the Act, enforceable by the Board, on the interest of such Unit Owner in the Property, provided, however, that such lien shall be subordinate to the lien of a recorded deed of trust on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses and limited common expenses which are due and payable from and after the date on which such deed of trust beneficiary either takes possession of the Unit, accepts a conveyance of any interest therein (other than as security), or files suit to foreclose on its deed of trust. The provisions of this paragraph of this Section 6 shall not be amended, changed, modified or rescinded in any way without the prior written consent of all such lien holders of record.

The Association or its successors and assigns, and the Board or its agents, shall have the right to enforce the lien as provided in this Declaration, and there shall be added to the amount due the costs of any suit maintained to enforce the lien and other fees and expenses, together with legal interest and reasonable attorneys' fees. Furthermore, if any Unit Owner shall fail or refuse to pay when due such Owner's proportionate share of the common expenses or limited common expenses and such Unit Owner withholds possession of such Owner's Unit after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to possession of such Unit. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Horizontal Property Act, the Declaration or these Bylaws, or as are otherwise available at law or in equity, for the collection of

all unpaid assessments.

Record Book
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Section 7. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in a book in chronological order of the receipts and expenditures affecting the Property, specifying and itemizing the expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. Said book and the vouchers shall be available for examination by all Unit Owners at convenient hours on working days which shall be set and announced for general knowledge.

The Board shall, upon receipt of ten (10) days' written notice to it or the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 8. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Property or the Common Elements, rather than a lien against only a particular Unit ownership. When fewer than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

Section 9. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners.

Section 10. Association Records. The Association shall keep as permanent records minutes of all meetings of its Unit Owners and Board of Directors, a record of all actions taken by the Unit Owners or Board of Directors without a meeting and all appropriate accounting records.

Section 11. Records at Principal Office. The Association shall keep at all times a copy of the following records at its principal office:

- (a) Its Charter or Restated Charter and all amendments thereto;
- (b) These Bylaws and all amendments thereto;
- (c) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of Unit Owners or any class or category of Unit Owners;
- (d) The minutes of all meetings of Unit Owners and the records of all actions taken by Unit Owners without a meeting for the past three (3) years;

- (e) All written communications to Unit Owners generally within the past three (3) years, including the past three (3) years' annual financial statements;
- (f) A list of the names and business or home addresses of its current Directors and officers;
- (g) The most recent annual report delivered to the Tennessee Secretary of State; and
- (h) Its Declaration and all amendments thereto.

 **Section 12. Annual Financial Statements.** The Association shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the Tennessee Nonprofit Corporation Act.

ARTICLE V

Contractual Powers

No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or
- (b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VI

Amendments

These Bylaws may be amended or modified from time to time by action or approval of two-

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thirds (2/3) of the Unit Owners casting one (1) vote for each Unit owned, as provided in Article I, Section 7 of these Bylaws. Such amendment(s) shall not be operative until they are recorded in the office of the Register of Deeds for Rutherford County, Tennessee. These Bylaws may not be amended by the Board of Directors.

ARTICLE VII

Deeds of Trust

Section 1. Notice to Board. A Unit Owner who mortgages his Unit shall notify the Board of the name and address of the deed of trust beneficiary and shall file a copy of the deed of trust with the Board. The Board shall maintain such information in a book entitled "Deeds of Trust on Units."

Section 2. Notice of Unpaid Common Charges. The Board, whenever so requested in writing by a deed of trust beneficiary of a Unit, shall promptly report any then unpaid assessments, fees or common charges due from, or any default by, the Owner of the mortgaged Unit.

Section 3. Notice of Default. The Board, when giving notice to a Unit Owner of a default in paying common charges or other default, shall send a copy of such notice to each deed of trust beneficiary of record covering such Unit whose name and address has theretofore been furnished to the Board and which has requested in writing to be sent a copy of such notice(s).

Section 4. Examination of Books. Each Unit Owner, and others as specified in the Declaration, shall be permitted to examine the books and records of the Association, current copies of the Declaration and Bylaws, and rules and regulations of the Association during normal business hours and upon request.

Section 5. Interest of Valid First Lien Deed of Trust. The interest of a valid first lien deed of trust shall be superior to the interest of the Board in the event of a default, and nothing in this instrument shall be construed to the contrary. If the first lien deed of trust has incorporated the terms of these Bylaws, the Declaration and the contract in its deed of trust, then said first lien deed of trust may at its option declare a default in its deed of trust by reason of any default hereunder, and may proceed to enforce its rights according to the terms of the deed of trust notwithstanding any enforcement instituted by the Board.

ARTICLE VIII

Definition of Terms

The terms used in these Bylaws, to the extent they are defined herein, shall have the same definition as set forth in the Declaration, as such may be amended from time to time, which Declaration is recorded in the office of the Register for Deeds of Rutherford County, Tennessee.

The term "member," as used in these Bylaws, generally means "Unit Owner" as defined in the Declaration. "Deed of trust," as used herein, includes a mortgage; and "deed of trust beneficiary"

includes a mortgagee and a holder of a deed of trust.

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ARTICLE IX

Miscellaneous Provisions

Section 1. No Seal. The Association shall have no seal.

Section 2. Notices. Whenever notice is required to be given to Unit Owners, Directors or officers, unless otherwise provided by law, the Declaration, the Charter or these Bylaws, such notice may be given in person or by telephone, telegraph, mail or private carrier. If such notice is given by mail, it shall be sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address which appears for each such person on the books of the Corporation. Written notice sent by mail to Unit Owners shall be deemed to have been given when it is mailed. Any other written notice shall be deemed to have been given at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail if sent first class, postage prepaid; or
- (c) On the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Section 3. Waiver of Notice. Whenever any notice is required to be given under the provisions of any statute, or of the Declaration, the Charter or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the Association and included in the minutes or corporate records, shall be deemed equivalent thereto.

Section 4. Negotiable Instruments. All checks, drafts, notes or other obligations of the Association shall be signed by such of the officers of the Association, or by such other person(s), as may be authorized by the Board of Directors.

Section 5. Deposits. The monies of the Association may be deposited in the name of the Association in such bank(s) or financial institution(s) as the Board of Directors shall designate from time to time and shall be drawn out by check signed by the officers) or person(s) designated by resolution adopted by the Board of Directors.

Section 6. Committee Members. With respect to claims or liabilities arising out of service as a member of a committee duly appointed by the Board of Directors of the Association, the Association shall indemnify and advance expenses to each such present and future committee member (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

Section 7. Developer. With respect to claims or liabilities arising out of service as an agent of the Association, the Association shall indemnify and advance expenses to the Developer (its officers, employees and successors) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect or as hereafter adopted or amended.

ARTICLE X

Conflicts

These Bylaws are set forth to comply with the requirements of Chapter 27 of Title 66, Tennessee Code Annotated, as it may be amended from time to time, and to allow the Bylaws to control in specific situations where such law allows. In case any of the Bylaws conflict with the provisions of said statute or of this Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

The undersigned hereby certifies that the foregoing Bylaws were duly adopted as the Bylaws of Poplar Grove Townhouse Corporation.

DATED this 14th day of May, 2001.

Craighead Development, LLC
a Tennessee limited liability company

By: Carl A. Neuhoff, Jr.
Carl A. Neuhoff, Jr., Assistant Chief Manager