

BY-LAWS

OF

ROCKHOUSE RANCH AT THE BIG SOUTH FORK

HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Rockhouse Ranch at The Big South Fork Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of Tennessee.

Section 2. "Declaration" shall mean the Declaration of Covenants and Restrictions recorded in Book 7, page 381, in the Fentress County Register's Office, and any subsequent revisions thereof.

Section 3. "The Property" shall mean and refer to the property described in Section 12, of Article I of the Declaration and such other properties as may hereafter become a part of Rockhouse Ranch at The Big South Fork, a subdivision in Fentress County, Tennessee and whose owners become members of this Association.

Section 4. "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners, including but not limited to all joint permanent access easements, roadways, trails, trail easements, and entrance features. Specifically, Rockhouse Pass, Bearpen Fork, Charit Trail, Highland Lane, Crooked Branch Circle, Laurel Trace, and Rome Crest are designed and intended to be private roadways within a joint permanent access easement.

Section 5. "Developer" shall mean and refer to ASETZ, LLC, a Tennessee limited liability company, or its successors or assigns.

Section 6. "Owner" shall mean and refer to the recorded owner, whether one or more persons, of the fee simple title to any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of any obligation. Developer may also be an Owner.

Section 7. "Lot" shall mean and refer to any parcel of land shown upon the Plat of the Property upon which one single-family residence may be constructed.

Section 8. Other capitalized terms herein shall have the same meanings as set forth in the Declaration.

ARTICLE II

LOCATION

Section 1. The initial principal office of the Association shall be located at 2510 Solway Road, Knoxville, Tennessee 37931.

ARTICLE III

MEMBERSHIP

Section 1. Every Owner of a Lot shall be a mandatory member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the Declaration and shall pass automatically to an Owner's successor-in-title to the Lot.

Section 2. All members are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and shall become a lien upon the property against which such assessments are made as provided by the Declaration to which the Property is subject and recorded in the Office of the Register of Deeds for Fentress County, Tennessee.

Section 3. The membership rights of any person whose interest in the Properties is subject to assessment under the Declaration, whether or not he be personally obligated to pay such assessments, may be suspended by Action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the common properties and facilities, and the personal conduct of any person thereon, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

VOTING RIGHTS

All Owners shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for each Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE V

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each member shall be entitled to the use and enjoyment of the Common Properties as provided by Article IV of the Declaration of Covenants applicable to the Property.

Section 2. Any member may delegate his rights of enjoyment in the Common Area to the members of his family who reside upon the Properties or to any of his tenants who reside thereon under a leasehold interest approved by the Association. Such member shall notify the Secretary in writing of the names of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3, to the same extent as those of the member.

ARTICLE VI

ASSOCIATION PURPOSES AND POWERS

The Association has been organized for the following purposes:

Section 1. To promote the health, safety, and general welfare of the residents of Rockhouse Ranch at The Big South Fork, in Fentress County, Tennessee, and to own, acquire, build, operate, and maintain the Common Area including the improvements thereon, and otherwise as provided in the Charter of Incorporation of Rockhouse Ranch at The Big South Fork Homeowners Association, Inc.

Section 2. The powers and rights of the Association shall be as specified in Charter of Incorporation of Rockhouse Ranch at The Big South Fork Homeowners Association, Inc., and the Declaration to which the Property is subject. Such provisions are incorporated herein as fully and as completely as if specifically set forth.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors (the "Board"). The initial Board shall be composed of not less than two (2) persons who shall be appointed by the Developer. The initial Directors shall serve until the first meeting of the Owners at which time the Board of Directors shall be elected by the Owners. After the first meeting of the Owners, the Directors shall be Owners of Lots or spouses of such Owners; provided, however, that no Owner and his or her spouse may serve on the Board at the same time. Notwithstanding the foregoing, the Developer may designate an individual to serve as a Director for a period of up to two years from the date that the Directors are first elected. The precise number of Directors shall be fixed from time to time by resolution of the Board.

Section 2. Nomination. Nomination for election to the Board shall be made by a nominating committee which shall consist of three (3) members appointed by the President to serve from the close of one annual meeting to the close of the succeeding annual meeting. Such appointment shall be announced at the annual meeting. The nominating committee may nominate any number of qualified individuals, but no less than the number of Directors to be elected. The nominations shall be made at least twenty-one (21) days prior to the annual meeting and a brief statement about the qualifications of each individual so nominated shall be included with the notice of the annual meeting. Nominations shall also be allowed from the floor at the meeting. Failure to comply with the provision hereof shall in no way invalidate the election of Directors so nominated.

Section 3. Elections and Annual Meeting. The annual meeting shall be held on the first Saturday in May. Directors to be elected by the members shall be elected by a majority vote at the annual meeting from those nominated. A quorum must be present. For the purpose of electing a Board of Directors, a quorum shall be deemed present when fifty percent (50%) of all votes are present in person or by proxy. If the required quorum is not present, an adjourned annual meeting shall be called subject to the same notice requirements as set forth for the annual meeting, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 4. Term of Office. The Directors shall be elected as provided in Section 3 of this Article. Each director, except in case of death, resignation, retirement, disqualification or removal, shall serve until the next succeeding annual meeting and thereafter until his successor shall have been elected and qualified.

Section 5. Removal of Directors and Officers. At any regular or special meeting of the Association duly called, any one or more of the Directors or Officers may be removed with or without cause by a majority vote of the members of the Association and a successor may then and there be elected to fill the vacancy thus created. Any Director or Officer whose removal has been proposed by the members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Board caused by any reason, including the addition of a new director or Directors but excluding the removal of a director by vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board for the remainder of the term of the director being replaced. Said director shall serve until a successor shall be elected at the next annual meeting of the Association.

Section 7. Compensation. Directors shall not be compensated unless and to the extent the members of the Association authorize at any meeting duly called for that purpose.

Section 8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every three months. The Board shall meet within ten (10) days after each annual meeting of members.

Section 9. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director given by mail, in person or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may be called by the Secretary or Treasurer in like manner and on like notice on the written request of at least two (2) Directors.

Section 10. Quorum. A quorum of Directors shall be deemed present throughout any Board meeting at which a majority of the Directors are present at the beginning of such meeting.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board when not in conflict with the Declaration.

Section 12. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the Directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board.

Section 13. Powers and Duties. The Board shall exercise for the Association all powers, duties and authority vested therein by the Declaration, except for such powers, duties and authority reserved thereby to the members of the Association or the Developer. 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;

- (c) to engage the services of an agent (hereinafter sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Common Area or any part thereof for all of the Owners, upon such terms and for such compensation as the Board may approve, including a Managing Agent which is affiliated with one or more Directors, or the Developer, or both;
- (d) to administer, manage and operate the Common Area and recreational facilities located thereon, and to formulate policies therefor;
- (e) to adopt rules and regulations, with written notice thereof to all Owners, governing the details of the administration, management, operation and use of the Common Area and any recreational facilities located thereon, and to amend such rules and regulations from time to time;
- (f) to provide for the operation, care, upkeep, maintenance, repair, replacement and improvement of the Common Area and any recreational facilities located thereon and payments therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (g) to have access to each Lot from time to time as may be necessary for the maintenance and/or repair of the Common Area or equipment located within the Common Area;
- (h) to obtain adequate and appropriate kinds of insurance to protect the Association and/or members of the Board of Directors or members of committees appointed by the Board and other insurance as as the Board shall determine;
- (i) to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Area and to delegate any such powers to a Managing Agent (and any employees or agents of a Managing Agent);
- (j) to appoint committees and to delegate to such committees the Board's authority to carry out certain duties of the

Board;

- (k) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
- (l) to estimate the amount of, prepare, adopt and distribute the budget for the Association not less frequently than annually, to provide the manner of assessing, levying on and collecting from the Owners the annual and special assessments, and to levy fines against one or more occupants in accordance with the Declaration;
- (m) to keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Common Area;
- (n) to enter into agreements or arrangements for premises suitable for use as apartments for maintenance or management personnel, upon such terms as the Board may approve;
- (o) to bid and purchase, for and on behalf of the Association, any Lot, or interest therein, at a sale pursuant to a mortgage foreclosure, a foreclosure of the lien for annual assessments, special assessments or both, or any order or direction of a court, or at any other involuntary sale;
- (p) to make such mortgage arrangements and special assessments proportionately among the respective Owners, and other such financing arrangements, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Lot, or interest therein, by the Association; provided, however, that no such financing arrangement shall be secured by an encumbrance on any interest in the Property other than the Lot, or interest therein, to be purchased or leased;
- (q) to act in a representative capacity in relation to matters involving the Common Area or more than one Lot, on behalf of the Owners, as their interests may appear;
- (r) to enforce by legal means the provisions of the Declaration with respect to the Property;
- (s) to renew, extend or compromise indebtedness owed to or

by the Association;

- (t) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Owners as expressed in a resolution duly adopted at any annual or special meeting of the Association;
- (u) the Association shall (i) have all powers permitted to be exercised by a nonprofit corporation and (ii) have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Declaration; and
- (v) to appoint the Architectural Control Committee as provided in Article I, Section 1, of the Declaration.

Section 14. Non-delegation. Nothing in this Article or elsewhere in these By-Laws 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 Owners.

ARTICLE VIII

OFFICERS

Section 1. Designation. At each regular or adjourned annual meeting of the Board after the Owners elect the Board, the Directors present at said meeting shall elect the following officers of the Association by a majority vote:

- (a) a President who shall be a director and who shall preside over the meetings of the Board and of the Owners, and who shall be the chief executive officers of the Association;
- (b) a Secretary, who shall keep the minutes of all meetings of the Board and of the lot owners and shall be designated as the officer to mail and receive all notices served by or upon the Board or the Association and execute amendments to the Declaration, and shall, in general, perform all the duties incidental to the office of Secretary, and 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; provided, however, that the duties of the Treasurer may be performed by an employee or independent contractor retained by the Board; and
- (d) such additional officers as the Board shall see fit to elect. Any two or more offices may be held by the same person, except the offices of President and Secretary.

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 year and until his 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 at a special meeting of said Board. Any officer so elected by the Board to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds.

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 Owners at a meeting duly called for that purpose.

ARTICLE IX

MEETING OF MEMBERS

Section 1. The regular annual meeting of the members shall be held on the first Saturday in May each year or such other date established at any duly called meeting of the members. The initial annual meeting of the members shall be determined by the Developer by providing thirty (30) days advance written notice to all members, or by a majority of the members by providing said notice to the Developer.

Section 2. Subsequent to the initial annual meeting, special meetings of the members for any purpose may be called at any time by any two or more members of the Board of Directors, or upon written request of the members who have a right to vote a majority of all of the votes of the entire membership.

Section 3. Notice of any meetings shall be given to the members by the secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail to his address appearing on the books of the corporation. Each member shall register his address with the secretary, and notices of meeting shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve any action governed by the Covenants applicable to the properties, notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes shall constitute a quorum for any action governed by these By-Laws. Any action governed by the Covenants applicable to the Properties shall require a quorum as therein provided. If the required quorum is not present, an adjourned meeting shall be called subject to the same notice requirements as set forth in the annual meeting, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. All meetings will be conducted in accordance with Robert's Rules of Order (latest edition).

Section 6. Voting shall be by secret ballot if requested by 25% of those present, or at the discretion of the presiding officer.

ARTICLE X

PROXIES

Section 1. At all corporate meetings of members, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months and every proxy shall automatically cease upon sale by the member of his home or other interest in the Properties.

ARTICLE XI

BOOKS AND PAPERS

Section 1. The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any members.

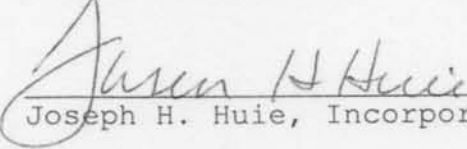
ARTICLE XII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of each class of members present in person or by proxy, provided that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Properties may not be amended except as provided in the Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration applicable to the Property referred to in Section 1 and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, the Incorporator and the sole member of Rockhouse Ranch at The Big South Fork Homeowners Association, Inc. have hereunto executed or have caused these By-Laws to be executed as of the 1st day of January, 2001.



Joseph H. Huie, Incorporator

