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RECEIVED
STATE OF TENNESSEE
STEVE HALL
REGISTER OF DEEDS
KNOX COUNTY

CHARTER

2005 NOV -7 AM 10: 21

FILED

OF

BRIDGEMORE OWNERS' ASSOCIATION INC.
SECTIONARY OF STATE

The undersigned natural person, having capacity to contract and acting as incorporator of a corporation not for profit under Sections 48-51-101, et seq., of the Tennessee Nonprofit Corporation Act, adopts the following charter for such corporation:

1. The name of the corporation is Bridgemore Owners' Association, Inc. (the "Corporation").

2. The duration of the Corporation is perpetual.

3. The Corporation is a mutual benefit corporation.

4. The Corporation is not a religious corporation.

5. The name and address of the initial registered agent of the Corporation in the State of Tennessee shall be David Wilson Long, 1111 Northshore Drive, N.W., Suite S-700, Knoxville, Knox County, Tennessee 37919-4074.

6. The name of the incorporator is David Wilson Long and his address is 1111 Northshore Drive, N.W., Suite S-700, Knoxville, Knox County, Tennessee 37919-4074.

7. The address of the principal office of the Corporation in the State of Tennessee shall be 11800 Kingston Pike, Knoxville, Knox County, Tennessee 37922.

8. The Corporation is not for profit.

9. The Corporation shall have members. A person must be a homeowner or lot owner in Bridgemore subdivision in Knox County, Tennessee, to qualify as a member. Members shall not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership in the Corporation shall be appurtenant to and may not be separated from ownership of a house or lot in Bridgemore subdivision. The membership of each member shall be terminated when such member ceases to be an owner of a house or lot in Bridgemore subdivision; and upon the sale, transfer or other disposition of



any such ownership interest in Bridgemore subdivision, any such member's membership in the Corporation shall be automatically transferred to the new owner succeeding to such ownership interest.

10. The purposes for which the Corporation is organized are:

(a) To serve as the Association of the homeowners and lot owners of Bridgemore subdivision in Knox County, Tennessee and, in such capacity, to manage, operate and administer the property and affairs of such subdivision and the common elements thereof;

(b) To promote the health, safety and welfare of the homeowners and lot owners of Bridgemore subdivision in Knox County, Tennessee; and

(c) To engage in any activities that are incident to the foregoing and necessary, desirable or convenient in connection therewith.

11. In order to carry out the purposes for which the Corporation has been formed, the Corporation shall, except as otherwise provided under this Charter or its Bylaws, have all of the powers granted not-for-profit corporations under the laws of the State of Tennessee and all powers necessary to carry out the purposes and objectives for which the Corporation has been formed, including, but not limited to, the following:

(a) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation.

(b) To dedicate, sell or otherwise transfer all or any part of the common elements or facilities of the Corporation to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members of the Corporation. No such dedication or transfer shall be effective unless an instrument has been signed by a majority in interest of the members of the Corporation.

(c) To exercise any and all of the powers set forth in the Bylaws of the Corporation.

12. The Board of Directors shall consist of three (3) individuals selected by the membership. At the annual meeting next held after the adoption of the Bylaws of the Corporation, there shall be an election of the directors of the Corporation, one of whom shall be elected for the term of one (1) year, one of whom shall be elected for a term of two (2) years, and the third of whom shall be elected for a term of three (3) years. At each annual meeting thereafter, the director whose term has expired shall be elected for the term of three (3) years. At the expiration of any term of three (3) years, any director may be reelected. Said directors must be members of the Corporation and shall not be removed during their term of office except (a) if they shall sell or otherwise convey their ownership interest in Bridgemore subdivision, (b) if they have committed willful misconduct or gross negligence in connection with the performance of their duties as directors of the Corporation, or (c) as otherwise set forth in the Bylaws of the Corporation.

13. No director shall be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director, except as otherwise provided under Tennessee Code Annotated Sections 48-58-502(d) (1) and (2).

14. The Corporation shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Corporation is organized and shall likewise have the powers provided for not-for-profit corporations by the Tennessee Nonprofit Corporation Act, set forth at Tennessee Code Annotated Sections 48-51-101, et seq., or as the same shall hereafter be amended.

15. Upon the dissolution of the Corporation, and pursuant to Tennessee Code Annotated Section 48-64-101, et seq.;

(a) all liabilities and obligations of the Corporation shall be paid and discharged, or adequate provisions shall be made therefor;

(b) assets held by the Corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of dissolution, shall be returned, transferred or conveyed in accordance with such requirements; and

(c) all remaining assets of the Corporation shall be disposed of exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized

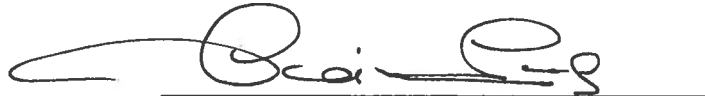


and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, as the Board of Directors shall determine; any such assets not so disposed of shall be transferred to the State of Tennessee or to any county or municipality of such State, provided that such assets shall be used by the grantee exclusively for the same purposes as those for which the Corporation was organized.

16. The incorporator, members and directors of the Corporation shall have the right to take any action required or permitted by vote without a meeting on written consent pursuant to the provisions of Tennessee Code Annotated Section 48-58-202.

17. The provisions of this Charter may be amended, altered or repealed from time to time to the extent and in the manner prescribed by the Tennessee Nonprofit Corporation Act, Tennessee Code Annotated Sections 48-51-101, et seq., and any additional provisions so authorized may be added hereto; provided that the provisions of this Charter shall not be changed, modified, repealed or expanded in such a manner as to be inconsistent with the purposes for which the Corporation has been formed.

Dated this 4th day of November, 2005.



David Wilson Long, as
Incorporator of Bridgemore
Owners' Association, Inc.

Secretary of State

Division of Business Services

312 Eighth Avenue North

6th Floor, William R. Snodgrass Tower

Nashville, Tennessee 37243

DATE: 11/07/05

REQUEST NUMBER: 5603-0055

TELEPHONE CONTACT: (615) 741-2286

FILE DATE/TIME: 11/07/05 1021

EFFECTIVE DATE/TIME: 11/07/05 1021

CONTROL NUMBER: 0505980

TO:
LONG RAGSDALE & WATERS PC
1111 NORTHSHORE DR
SUITE S-700
KNOXVILLE, TN 37919

RE:
BRIDGEMORE OWNERS' ASSOCIATION, INC.
CHARTER - NONPROFIT

CONGRATULATIONS UPON THE INCORPORATION OF THE ABOVE ENTITY IN THE STATE OF TENNESSEE, WHICH IS EFFECTIVE AS INDICATED.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH THE WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: CHARTER - NONPROFIT

ON DATE: 11/07/05

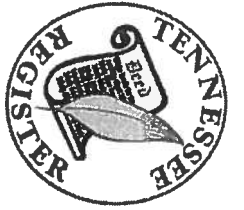
FROM:
LONG RAGSDALE & WATERS PC (NORTHSHORE DR)
1111 NORTHSHORE DR
STE S-700
KNOXVILLE, TN 37919-4074

RECEIVED: FEES \$100.00 \$0.00
TOTAL PAYMENT RECEIVED: \$100.00

RECEIPT NUMBER: 00003819407
ACCOUNT NUMBER: 00066609

RILEY C. DARNELL
SECRETARY OF STATE





Steve Hall

KNOX County Register of Deeds

CUSTOMER RECEIPT - RECORDING SERVICES

Receipt Number: T20050098393
Date/Time: 11/14/2005 15:53:19

Customer Name : LONG RAGSDALE AND WATERS

PICK UP

Method Received: Walk-In
Clerk: Richieb

Transaction Detail

Instrument Number	Instrument Type	Gen. Fee	Equip. Fee	Transfer Tax	Mortgage Tax	Copy	Cert. Copy	Copy Fee	# Pgs	Consideration	Subtotal
200511140043257	CORP	\$5.00	\$2.00	\$0.00	\$0.00	N	N	\$0.00	4		\$7.00
First Party Name STATE OF TENNESSEE Second Party Name BRIDGEMORE OWNERS ASSOCIATION INC											

Payment Information

Method of Payment	Payment Control ID	Authorized Agent	Amount
Check	20077		\$32.00
Check	20081		\$7.00
Escrow	00130	DAVID LONG	\$9.00

Account Balance: \$ 1,062.19

AMOUNT PAID: \$48.00
 LESS AMOUNT DUE: \$48.00
 CHANGE RECEIVED: \$0.00

BYLAWS
OF
BRIDGEMORE OWNERS' ASSOCIATION, INC.
A CORPORATION NOT FOR PROFIT

ARTICLE I
GENERAL PURPOSE

Bridgemore Owners' Association, Inc. (hereinafter the "Association") has been organized for the purpose of administering the operation and management of a residential subdivision development for the use and benefit of the owners of lots ("Lots") in Bridgemore, a residential subdivision development located or to be located in Knox County, Tennessee (hereinafter referred to as "Bridgemore"), which is more particularly described in a Declaration of Covenants and Restrictions recorded as Instrument No. _____ in the Register's Office for Knox County, Tennessee (as amended, the "Declaration"). The terms and provisions of these Bylaws are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in the Charter of Bridgemore Owners' Association, Inc. (the "Charter") and in the Declaration. The terms and provisions of such Charter and Declaration are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith. For purposes of these Bylaws, initial capitalized terms shall have the meanings set forth in the Declaration unless otherwise stated or the context so requires. The Association shall perform the care, upkeep and surveillance of the Common Area.

ARTICLE II
DEFINITIONS

A. "Architectural Control Committee" shall mean and refer to such individuals as Declarant may appoint, until all Lots in Bridgemore, including Lots on the additional real property which may hereafter be subjected to these Bylaws and the Declaration, shall have been fully developed and permanent improvements constructed thereon and sold to permanent residents at which time such term shall mean and refer to those persons selected annually by the Board in compliance with this Declaration to serve as members of said committee. Persons selected to serve on the Architectural Control Committee need not be architects and may be designers, realtors, developers, landscape architects and/or others deemed appropriate to so serve in the discretion of the Board. The Architectural Control Committee is also referred to as the "Design Review Board" in purchase agreements for Lots and in other literature and

documentation prepared or to be prepared and relating to Bridgemore.

B. "Association" shall mean and refer to Bridgemore Owners' Association, Inc., a Tennessee not-for-profit corporation, its successors and assigns.

C. "Board" shall mean and refer to the Board of Directors of the Association.

D. "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 or other property designated by the Declarant under the Declaration for the common use and enjoyment of all Bridgemore Owners, including, but not limited to, development and recreational amenities described herein and in the Declaration, various ponds and bridges located or to be located within the Property, an area of five (5) feet on either side of the fencing and/or walls running parallel to McFee Road to the extent not owned by the Association, and any and all portions of the Property which are or may be designated as "greenspace" areas, "open areas", joint permanent access easements and sign easements on the Plat. The Common Area shall include the property encumbered or to be encumbered by any sign, wall, fence, sidewalk and landscape easements on Lots _____, _____, _____, _____ and _____ (as so designated on the Plat) of the Property as established by separate declaration of easements instruments. The Common Area shall also include that property described on Exhibit C attached to the Declaration which will be conveyed to the Association and on which certain of the recreational amenities described herein and in the Declaration are located or will be located. The Common Area will be maintained and repaired by the Association in accordance with the provisions hereof.

E. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to these Bylaws, the Declaration and the Charter of the Association.

F. "Developer" shall mean and refer to (i) PlaceMakers Partnership, or (ii) any successor-in-title or any successor-in-interest to PlaceMakers Partnership to all or any portion of the Property, provided in the instrument of conveyance to any such successor-in-title or interest such successor-in-title is expressly designated as the "Developer" hereunder by the grantor of such conveyance, which grantor shall be the Developer hereunder at the time of such conveyance. The Developer is the Declarant under the Declaration.

G. "Lot" shall mean and refer to any parcel of land shown upon any recorded subdivision plat of the Property upon which a

single-family residence may be constructed, or, if applicable, a condominium unit created by a master deed filed of record upon any portion of the "Additional Land" as so described in the Declaration.

H. "Owner" shall mean and refer to the record 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.

I. "Person" shall mean and refer to a natural person, corporation, partnership, association, trust or other legal entity, or any combination thereof.

J. "Plat" shall mean and refer to that certain Final Subdivision Plat for Phase One of Bridgemore prepared by Fulghum Macindoe & Associates, Inc. recorded as Instrument No. _____, in the Register's Office for Knox County, Tennessee, which reflects one hundred twenty (120) Lots, and as may be shown by any amended or supplemental map of the subdivision (including all or portions of the Additional Land which may be hereafter subjected to the Declaration) subsequently recorded in the Register's Office for Knox County, Tennessee.

K. "Property" shall mean and refer to that certain real property described in Exhibit A attached to the Declaration and by reference made a part hereof, together with such additional real property as may by subsequent amendment be added to and subjected to these Bylaws and the Declaration.

L. "Structure" shall mean and refer to (i) any thing or object, the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration but not limitation, any building or part thereof, garage, porch, gazebo, shed, greenhouse or bathhouse, coop, cage, covered or uncovered patio, swimming pool, tennis court, basketball goal(s), fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, driveway, any temporary or permanent living quarters (including any house trailer), or any other temporary or permanent improvement to such Lot; (ii) any excavation, grading, fill ditch, diversion dam or other thing, object or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial creek, stream or wash, or which causes a drainage change from, upon or across any Lot; and (iii) any change in grade at any point on a Lot of more than twelve (12) inches, whether or not subsection (ii) of this Paragraph L applies to such change. No reference to any of the foregoing things or objects which will be deemed to be a "Structure" shall indicate or imply that all of such things or objects are permitted Structures under the terms and provision of these Bylaws or the Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

A. Membership. Every Owner 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 these Bylaws or the Declaration and shall pass automatically to an Owner's successor-in-title to the Lot. Each Lot is entitled to one (1) vote in the affairs of the Association. In the event that any Lot is owned by more than one (1) Owner, the vote of the Lot shall be cast by the Owner named in the certificate signed by all of the Owners of the Lot and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such certificate is not on file, then one (1) of the several Owners may cast no more than one (1) vote as the agreed representative of the several Owners. If an Owner owns more than one (1) Lot, then said Owner is entitled to cast additional votes commensurate with the number of Lots owned. For example, if the Owner owns two (2) Lots, then he is entitled to cast two (2) votes. Notwithstanding the prior two sentences, in the event an Owner combines two (2) Lots with the prior written consent of the Architectural Control Committee and builds one dwelling Structure thereon, said Owner shall only be entitled to cast one (1) vote for said two (2) combined Lots, and only one (1) assessment shall be owed to the Association.

B. Voting Rights: The Association shall initially have two classes of voting membership:

1. Class A. Initially, the Class A members shall be all Owners, with the exception of the Developer, and 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 such 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.
2. Class B. The Class B member shall be the Developer and shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events:
 - (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or

- (b) ten (10) years from the date the Declaration is filed of record in the Register's Office for Knox County, Tennessee; or
- (c) when, in its discretion, the Developer so determines and notifies the Owners and the Board in writing.

Additionally, the Developer may, by amendment to the Declaration, create additional classes of membership for the Owners of Lots within any part of the Additional Land made subject to the Declaration, with such rights, privileges and obligations as may be specified in such amendment to the Declaration, in recognition of the different character and intended use of the property subject to such amendment to the Declaration.

C. Suspension of Membership Rights. If an Owner shall have failed to pay when due any assessment or charge lawfully imposed upon him or her on any property owned by him or her, or if the Owner, his or her family, or guests shall have violated any of the covenants contained in these Bylaws or the Declaration or any rule or regulation of the Board regarding the use of any property or conduct with respect thereto, then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner has not taken reasonable steps toward the required remedy action within twenty (20) days of the mailing of the aforesaid notice of violation, then the Board may suspend the membership rights (including voting rights of that Owner).

D. Proxies. Proxy ballots shall be permitted with respect to all elections of Directors, and all amendments to the Charter, the Declaration or these Bylaws, or any other matter which is to come before a meeting of the membership of the Association. All proxies shall be in writing, signed by the individual Lot Owner or Owners (or in the case of joint owners by the person named in the certificate described in Section A of this Article III), or by his or her duly authorized representative(s) and delivered to the Secretary/Treasurer of the Association, or such other person as the President may designate, at least twenty-four (24) hours prior to the commencement of the meeting at which ballots are to be cast.

ARTICLE IV MEETINGS OF MEMBERS

A. Annual Meeting. The first annual meeting of the Owners shall be held on such date as is fixed by the Board, which date shall in no event be later than the earlier of (a) ten (10) years from the date of recording of this Declaration in the Office of the Register of Deeds of Knox County, Tennessee, or (b) no later than

sixty (60) days from the date when eighty percent (80%) of all the Lots have been conveyed by the Developer, or (c) such earlier time as selected by the Developer. Thereafter, an annual meeting of the Owners shall be held on such date as selected by the Board which is within thirty (30) days before or after the first anniversary of the first annual meeting of the Owners for the purpose of electing directors of the Association and for the transaction of such other business as may come before the meeting. If such day be a legal holiday, the meeting shall be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of the Association shall cause the election to be held at a special meeting to be called as soon thereafter as conveniently possible.

B. Special Meetings. Special meetings of the Owners may be called by the Board, the President or by not less than one-fifth (1/5) of the Members. The notice for any special meeting shall specify the matters to be considered at such special meeting.

C. Place and Time of Meeting. All meetings of the Members shall take place at 8:00 p.m., in some portion of Bridgemore designated by the person or persons calling a special meeting, or at such other reasonable place or time designated by the Board of Directors.

D. Notice of Meetings. Written or printed notice stating the purpose, place, day and hour of any meeting of Owners shall be delivered personally or by the mail to each Owner entitled to vote at such meeting in care of his or her residence not less than ten (10) nor more than thirty (30) days before the date of such meeting, by or at the direction of the President or the Secretary/Treasurer, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or the Bylaws, the purpose for which the meeting is called shall be stated in the notice. The notice of a meeting shall be deemed delivered when personally delivered, or if mailed, when deposited in the United States mail addressed to the Owner at his or her address as it appears on the records of the Association.

E. Quorum. To establish a quorum there must be present:

- (a) Owners holding a majority of the votes which may be cast at any meeting; and
- (b) a majority of the Owners.

F. Manner of Acting. Except as set forth below and except as otherwise required by these Bylaws or the Declaration, any action to be taken at any meeting of the Owners at which a quorum is present shall be upon the affirmative vote of a majority of the votes which may be cast at such meeting.

G. Notice. Notice of all Members' meetings, regular or special, shall be given by the President, Vice-President or Secretary/Treasurer of the Association, or other officer of the Association in the absence of said officers, to each Member, unless waived in writing, such notice to be written or printed and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each Member not less than seven (7) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each Member within said time.

H. Quorum and Adjourned Meetings. A quorum at a Members' meeting shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. In the absence of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time, until a quorum shall be present or represented.

I. Action by Written Consent. Whenever Members of the Association are required or permitted to take any action by vote, such action may be taken without a meeting by written consent, setting forth the action so taken, signed by all of the persons entitled to vote thereon.

J. Organization. At each meeting of the Association, the President, or, in his or her absence, the Vice-President, or in the absence of both the President and Vice-President, a Member present in person or represented by proxy and entitled to vote thereat, shall act as chairperson, and the Secretary/Treasurer, or in his or her absence, a person whom the chairperson shall appoint, shall act as secretary of the meeting.

K. Voting. Except as otherwise required by the Charter, the Declaration or any law, the affirmative vote of a majority of the votes represented at any duly called Members' meeting at which a quorum is present shall be binding upon the Members. The election of directors shall be by secret ballot.

L. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting if and only if (1) all Common Expense Assessments appertaining to his or her Lot(s) have been paid, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him or her and to his or her Lot(s), at least three (3) days prior to the date fixed for such meeting, and (2) he or she is not in violation of any

covenants and restrictions contained in the Declaration nor of any rules duly adopted by the Board of Directors.

M. Order of Business. The order of business at the annual meeting of the Members or at any special meetings insofar as practicable shall be:

1. Roll call (or check-in procedure).
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Establish number and term of memberships of the Board of Directors (if required and noticed).
5. Reports of Committees.
6. Election of directors (if required and noticed).
7. Unfinished Business.
8. New Business.
9. Ratification of Budget (if required and noticed).
10. Adjournment.

N. Special Assessment Meetings. Special meetings may also be called for the purpose of determining special assessments in the manner, and with the degree of formality and notice, described in the Declaration.

ARTICLE V BOARD OF DIRECTORS

A. Composition. The affairs of the Association shall be governed by the Board. The initial Board shall be composed of three (3) persons. The directors shall be Owners 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 above, so long as there shall be a Class B member of the Association, the directors need not be Owners. In the event that an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any shareholder, officer or beneficiary or individual trustee of such trust, or manager of such other legal entity, may be eligible to serve as a director. A director may succeed him or herself in office. It is hereby established that there shall be a total of three (3) directors.

B. Term of Office. The directors shall be elected as provided in Paragraph G of this Article V. Each director, except in case of death, resignation, retirement, disqualification or removal, shall serve until his or her successor has been elected and qualified.

C. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors 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.

D. Vacancies. Vacancies in the Board caused for any reason, 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 is elected at the annual meeting of the Association to fill the unexpired portion of the term.

E. Compensation. Directors shall not be compensated unless and to the extent three-fourths (3/4) of the Owners authorize compensation at any meeting duly called for that purpose.

F. 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 of the Association 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 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.

G. Elections. At each annual meeting of the Association, the Owners shall be entitled to vote for directors, and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected.

H. 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 no less than once every six (6) months. The Board shall meet within ten (10) days after each meeting of Members.

I. Special Meetings. Special meetings of the Board may be called by the President or Secretary/Treasurer of the Association on three (3) days notice given to each director by mail, in person or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall also

be called in like manner and on like notice on the written request of at least two (2) directors.

J. 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.

K. Conduct of Meetings. The President of the Association shall also 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. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the Board when not in conflict with the Declaration or these Bylaws.

L. 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(s) shall be filed with the minutes of the Board.

M. Powers and Duties. The Board shall exercise for the Association all powers, duties and authority vested therein by the Declaration and these Bylaws, 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:

1. to elect the officers of the Association as hereinafter provided;
2. to administer the affairs of the Association;
3. to engage the services of an agent (hereinafter sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer 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;
4. to provide for the operation, care, upkeep, maintenance, repair, replacement and improvement of the Common Area and payments therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
5. to have access to each Lot, excluding Structures, from time to time as may be necessary for the maintenance, repair or replacement of the Common

Area therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to one or more Lots;

6. to obtain adequate and appropriate kinds of insurance as provided in Article XVII of these Bylaws;
7. 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 employee or agents of a Managing Agent);
8. to appoint committees and to delegate to such committees the Board's authority to carry out certain duties of the Board;
9. to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
10. to estimate the amount of, prepare, adopt and distribute the budget of the Association not less frequently than annually, and to provide the manner of assessing, levying on and collecting from the Owners of the annual and special assessments;
11. to cause to be kept a complete record of all its acts and corporate affairs, to present a statement thereof to the Owners at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Owners who are entitled to vote, and to file Federal and State tax returns as required by law;
12. to bid and purchase, for and on behalf of the Association, any Lot, or interest therein, at a sale pursuant to a deed of trust 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, upon the affirmative vote of not less than seventy-five percent (75%) of the votes of Owners at a meeting duly called for that purpose, provided that the Owners shall set forth a maximum price that the Board or its duly authorized agent may bid and pay for such Lot or interest therein;

13. to make such mortgage loan 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 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;
14. 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;
15. to enforce by legal means the provisions of the Declaration and these Bylaws with respect to the Property;
16. to renew, extend or compromise indebtedness owed to or by the Association;
17. unless otherwise provided herein, 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;
18. 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 the law which may be appropriate to promote and attain the purposes set forth in the Declaration and these Bylaws;
19. to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
20. to supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

21. to employ attorneys to represent the Association when deemed necessary;
22. to adopt and publish rules and regulations governing the use of the Common Area, and the conduct of the Owners and their guests thereon, and to establish penalties for infractions thereof;
23. to suspend the voting rights of an Owner during any period in which such Owner shall be in default under the provisions of the Declaration or these Bylaws in the payment of any assessment, dues or charges levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; and
24. to declare the office of a director of the Board to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board.

N. Nondelegation. Nothing in this Article V or elsewhere in the Declaration or 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 Owners.

ARTICLE VI OFFICERS

A. Designation. The executive officers of the Association shall be a President, who shall be a director, a Vice-President, and a Secretary/Treasurer, all of whom shall be elected annually by the Board of Directors. The Board of Directors may also appoint such other officers as in its judgment may be necessary to manage the affairs of the Association. Any person may hold two (2) or more offices, except that the President shall not also be the Secretary/Treasurer or an Assistant Secretary.

B. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the Board of Directors meeting following each annual meeting of the Members and such officers shall hold office at the pleasure of the Board of Directors.

C. Removal of Officers. Upon any affirmative vote of a majority of the directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purposes.

D. Duties and Responsibilities of Officers.

1. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and meetings of the Board of Directors. He or she shall have all the powers and duties which are usually vested in the office of the President of an association, including but not limited to, the power to appoint committees from among the Members from time to time, as he or she may in his or her discretion determine appropriate, to assist in the conduct of the affairs of the Association. He or she may sign, with the Secretary/Treasurer or any other officer of the Association authorized by the Board, any deeds, mortgages, contracts or other instruments which the Board has authorized to be executed.

2. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. If neither the President nor the Vice-President are able to act, the Board of Directors shall appoint another member to do so on an interim basis. He or she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

3. The Secretary/Treasurer shall keep the minutes of all proceedings of the Board of Directors and the Members. He or she shall attend to the giving and serving of all notices to the Members and directors, and such other notices required by law. He or she shall keep the books and records of the Association and shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He or she shall keep the Assessment rolls and accounts of the Members; he or she shall keep the books of the Association in accordance with standard accounting practices; and he or she shall perform all other duties incident to the office of Secretary/Treasurer and as may be required by the Board or the President.

ARTICLE VII
COMMITTEES

A. Formation of Committees. The Board may form committees as it deems necessary, in its sole discretion, except as provided below.

B. Nominating Committee. There shall be a Nominating Committee of the Board, which shall be made up of Members who are not directors or officers of the Association, and which shall contain no fewer than three (3) members. The members of the Nominating Committee shall be appointed by the Board during the annual meeting of the Board as provided above. The Nominating Committee shall be responsible for nominating qualified individuals

to stand for election to the Board at the next annual meeting of the Members.

ARTICLE VIII
ARCHITECTURAL CONTROL COMMITTEE (ACC)

A. Purpose, Powers and Duties of the Architectural Control Committee. The purpose of the Architectural Control Committee is to ensure that the installation, construction and/or alteration of any Structure on any Lot is submitted to the Architectural Control Committee for approval (i) as to whether the proposed installation, construction or alteration is in conformity and harmony with the external design and general quality of the existing standards of the neighborhood and with the standards of the development of the Property established from time to time by the Developer; and (ii) as to the location of the Structures with respect to topography, finished ground elevation and surrounding Structures to the extent necessary to carry out such purpose, the Architectural Control Committee shall have all of the powers and duties to perform each and every thing necessary, suitable, convenient or proper for, or in connection with or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Lot. However, any decision of the Architectural Control Committee may be appealed to the Board, and may be overruled by the Board's majority vote.

B. Construction Compliance Agreement and Guaranty. With respect to all proposed Structures, the builder or Owner shall submit to the Architectural Control Committee at the same time that plans and specifications are submitted, a notarized construction compliance agreement containing the personal guaranty of the Owner and/or the builder (who is required to sign such agreement and guaranty(s) shall be in the discretion of the Architectural Control Committee), such agreement and guaranty(s) to be held by the Architectural Control Committee, until the improvements are complete and the Architectural Control Committee conducts its final Inspection. The construction compliance agreement and related guaranty(s) shall require the Owner and/or builder jointly and severally to pay for all costs incurred by the Association or the Architectural Control Committee as a result of or to:

1. Clean-up, maintain, or repair damage to any property caused by the builder or Owner or their subcontractors, suppliers and representatives during construction;
2. The expenditure of legal fees and other costs incurred by the Architectural Control Committee in order to correct any construction or alteration not

performed in substantial compliance with the plans receiving a letter of compliance from the Architectural Control Committee.

At the point that a letter of compliance is provided, the construction compliance agreement and related guaranty(s) shall be returned to the Owner (and builder if applicable) and the Architectural Control Committee shall release the lien set forth in the deed whereby the Owner acquired his or her Lot, which lien may, at the discretion of the Developer, be set forth in such a deed(s) by the Developer to insure compliance with the terms and provisions of these Bylaws, Article II of the Declaration and other provisions of the Declaration.

C. Submission of Plans and Specifications. No Structure shall be commenced, erected, placed, moved on to or permitted to remain on any Lot, nor shall any existing Structure upon any Lot be altered in any way which materially changes the exterior appearance of the Structure or Lot, unless plans and specifications therefor shall have been first submitted to and approved in writing by the Architectural Control Committee. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the Architectural Control Committee, including, without being limited to, two copies of the following:

1. a site plan showing the location of all proposed and existing Structures on the Lot, including building setbacks, open space, driveways, walkways and parking spaces;
2. floor plans;
3. exterior elevations of all proposed Structures and alterations to existing Structures, as such Structures will appear after all backfilling and landscaping are completed;
4. specifications, as per the submittal form being then used by the Architectural Control Committee, showing the nature, kind, shape, height, materials, basic exterior finishes and colors of all proposed Structures and alterations to existing Structures, and also showing front, side and rear elevations;
5. plans for grading and landscaping including exterior lighting scheme;
6. garage door location and design; and
7. samples of building and painting materials to be used.

It is initially anticipated that professional fees associated with the plans review process will cost approximately _____ Dollars (\$_____) per Lot. Each Owner submitting proposed plans and specifications will contribute said _____ Dollars (\$_____) per Lot to cover said expenses. This fee may be adjusted by the Architectural Control Committee from time to time as necessary. In connection with the immediately preceding sentence, the Architectural Control Committee shall have the right to charge the Owner submitting proposed plans and specifications with additional fees, calculated on an hourly rate basis, in the event that the Architectural Control Committee feels that the efforts of the Architectural Control Committee have been or will be greater than normal due to (i) the nature of the proposed plans and specifications, (ii) the manner in which the plans and specifications have been prepared and/or presented, and/or (iii) due to the demands and time constraints of the Owner.

D. Approval of Builders. Any builder or landscaper, prior to performing any work on any Lot on the Property, must first be approved by the Architectural Control Committee as to financial stability, building or landscaping experience and ability to build or landscape Structures or grounds of the class and type of those which are built on the Property. Such approval shall be within the absolute and sole discretion of the Architectural Control Committee. In considering whether to grant such approval, the Architectural Control Committee shall consider whether the builder or landscaper obtains his or her income primarily from construction or landscaping of the type which builder or landscaper is to perform upon the Property. No Owner will be permitted to act as his or her own builder or contractor except where such Owner obtains his or her income primarily from the construction of the type of Structures to be constructed on the Property and otherwise meets the qualifications hereinabove set forth.

E. Approval and Disapproval of Plans and Specifications.

1. The Architectural Control Committee shall have the right to approve or disapprove any plans and specifications submitted to it in its absolute and sole discretion, which approval or disapproval may be based upon any grounds, including purely aesthetic considerations, which shall be deemed sufficient.
2. Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and

specifications bearing such approval in writing shall be returned to the applicant submitting the same. Approval of any plans and specifications for use in connection with any Lot or Structure shall not be deemed a waiver of the Architectural Control Committee's right, in its absolute and sole discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with other Lots or Structures. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval. In the event that the Architectural Control Committee rejects plans, specifications, or site plans submitted for approval under this Article, the party submitting the plans, specifications or site plans may make the necessary alterations to said plans or specifications and resubmit them for approval. In lieu of resubmittal, the applicant may appeal the disapproval by the Architectural Control Committee to the Board as provided for in Article VIII, Paragraph A.

3. Neither Developer nor any member of the Architectural Control Committee shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, or for any structural defects in any work done according to such plans and specifications approved by the Architectural Control Committee. Further, approval of plans and specifications by the Architectural Control Committee shall not be deemed to represent or warrant to any Person that the plans and specifications comply with applicable codes and laws, nor the quality, function or operation of the Structure or of any construction, workmanship, engineering, materials or equipment. Neither Developer nor any member of the Architectural Control Committee shall be liable in damages or in any other respect to anyone submitting plans or specifications for approval under this Article, or to any Owner, or to any other Person having an interest in any of the Property by reason of

mistake in judgment, negligence, misfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. By submission of such plans or specifications to the Architectural Control Committee, the applicant releases and agrees to hold harmless and to defend Developer and any member of the Architectural Control Committee from any such alleged liability, claim and/or damage, including attorney's fees.

4. The Architectural Control Committee may, if it elects, adopt certain design standards (the "Design Standards") to aid and assist Owners submitting plans and specifications for approval by the Architectural Control Committee. As guidelines, the Design Standards may not be determinative of whether or not a particular use of a single Lot is acceptable, or whether or not the plans and specifications for a proposed improvement will be approved. Because of the uniqueness of each Lot, including variations in size, topography and location, certain uses, improvements or modifications suitable for one Lot may be inappropriate for another Lot. Therefore, despite any guidelines which may be offered by the Design Standards (if adopted by the Architectural Control Committee), the Architectural Control Committee is authorized to apply or adopt different standards for different Lots to reflect those differences. As an example, the Architectural Control Committee may allow an improvement, modification or change to a Structure which cannot be seen from any street or other Lot, but prohibit the same improvement if it can be seen from any street or from another Lot.

F. Obligation to Act. The Architectural Control Committee shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval by the Architectural Control Committee, if granted, together with any conditions imposed by the Architectural Control Committee, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure of the Architectural Control Committee to take action within thirty (30) days of the receipt of plans and specifications submitted for approval shall be deemed a rejection by the Architectural Control Committee of such plans and specifications.

G. Right of Inspection. During the construction process of any Structure, the Architectural Control Committee, its agents and representatives, shall have the right, during reasonable hours, to

enter upon and inspect any Lot and Structure thereon for the purpose of ascertaining whether the installation, construction, or alteration of any Structure or the use of any Lot or Structure is in compliance with the provisions of the Declaration or these Bylaws; and the Architectural Control Committee shall not be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection.

H. Violations.

1. If any Structure shall be erected, placed, maintained or altered upon any Lot, other than in accordance with the plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If in the opinion of the Architectural Control Committee such violation shall have occurred, the Architectural Control Committee shall be entitled and empowered to enjoin or remove any such construction. Any costs and expenses incurred by the Architectural Control Committee in enjoining and/or removing any construction or improvements shall be added to and become a part of the assessment to which the Owner of such Structure and his or her Lot are subject.
2. The Architectural Control Committee shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation; provided, however, that the Architectural Control Committee shall have all rights afforded to it herein and in the Declaration by reason of a violation regardless of when the notice of violation is sent. The Owner shall take reasonable steps toward the required remedial action, and shall use due diligence and best efforts to timely and promptly complete the required remedial action. If the Owner has not taken reasonable steps toward the required remedial action within fifteen (15) days after the mailing of the aforesaid notice of violation, then the Architectural Control Committee shall have the right of abatement as provided in Section 1(b) of Article XVI of the Declaration. In addition to the right of abatement, the Board, upon being informed of such violation by the Architectural Control Committee, shall be entitled to seek equitable

relief to enjoin such construction and/or to remove any structure subject to the violation.

I. Conduct. All builders and Owners shall be held responsible for the acts of their employees, subcontractors, suppliers and other persons or parties involved in construction or alteration of a Structure. In this regard, a builder or Owner shall be responsible for the following:

1. Ensuring that the construction site is kept clean and free of debris and waste materials, and that stockpiles of unused materials are kept in a neat and orderly fashion.
2. Prohibiting the consumption of alcoholic beverages, illegal drugs or other intoxicants that could hamper the safety or well-being of other personnel on the site or affect the quality of workmanship.
3. Ensuring that the aforementioned are properly insured, particularly by carrying of workers= compensation insurance and by carrying a policy of general liability insurance of at least three hundred thousand dollars (\$300,000.00) per person/per incident.
4. Ensuring that the aforementioned do not commit any violation of the rules and regulations of Bridgemore and of the Association.
5. Ensuring that, as soon as reasonably possible but no later than when the foundation for the Structure is poured, all driveways on the construction site are sufficiently graveled, a portable toilet is available and used by the construction workers, and any mud or debris caused by the construction are removed from the adjoining roadways. Further, silt fences shall be installed to keep silt, mud and other debris off of the street, off of adjacent Lots and along ponds of all Lots which are in the vicinity of or adjacent to ponds which may be located in the Common Area.
6. Providing metered water and electric service to the job site prior to starting work. Usage of water and electricity from adjoining properties is not permitted.
7. No burning, dumping, or burial of any kind is permitted and each builder shall place a trash receptacle on the Lot at least twenty (20) feet from

the street or as is otherwise required under applicable governmental laws and regulations.

8. Obnoxious or loud music and behavior shall not be permitted on the construction site.

ARTICLE IX

COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS

A. Compensation. No compensation shall be paid to the President or the Vice-President or any director or committee member for acting as such officer or director. The Secretary and/or Treasurer may be compensated for his or her services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any officer, director, or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association; provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

B. Indemnification. Each director, officer or committee member of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a director, officer, committee member or agent of the Association, and in connection with any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein he or she is adjudged guilty of willful misfeasance or gross negligence in the performance of his or her duties; provided, however, that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or committee member may be entitled.

C. Exculpability. Unless acting in bad faith, neither the Board of Directors as a body nor any director, officer, committee member or agent of the Association, shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his or her office. Each Member shall be bound by the good faith actions of the Board of Directors, officers, committee members or agents of the Association in the execution of the duties of said Board, directors, officers, committee members or agents.

ARTICLE X

GRIEVANCE PROCEDURE

A. Any grievance or complaint which an Owner shall have against any other Owner for violation of the provisions of the Declaration, these Bylaws, other rules and regulations of the Association, or for any other reason, shall be submitted to the Board for arbitration.

B. All such grievances shall be submitted in writing to the Board outlining the Owner or Owners complaining, the Owner or Owners complained against, the nature of the complaint, the date of all relevant facts, and the specific violations, if any, which are relied upon by the complaining party or parties. A hearing shall be held by the Board following submission of all complaints within thirty (30) days. Said hearing shall be held only after a minimum of five (5) days written notice to all parties and shall afford all parties an opportunity to present evidence and question any other party or witness. Owners shall not be represented by attorneys at this hearing. If the Board decides adversely to the complaining party or fails to act within thirty (30) days of submission of the complaint, then said complaining party shall have the right to resort to any other legal remedies which may be available to him or her.

C. The grievance procedure set out herein shall be the conclusive remedy for all grievances and complaints, and no Owner shall have the right to resort to other legal remedies until the remedies provided herein have been fully exhausted.

ARTICLE XI CONTRACTS, CHECKS, DEPOSITS AND FUNDS

A. Contracts. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

B. Checks, Drafts. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Secretary/Treasurer and countersigned by the President of the Association.

C. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

ARTICLE XII
BOOKS AND RECORDS

The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of the meetings of the Owners, Board and committees having any of the authority of the Board. The Secretary/Treasurer of the Association shall keep a record of the names and addresses of Owners entitled to vote. All books and records of the Association may be inspected by any Owner, his agent or attorney for any proper purposes at any reasonable time.

ARTICLE XIII
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year, except where changed by the Board.

ARTICLE XIV
SEAL

The Association shall not have a seal.

ARTICLE XV
FISCAL MANAGEMENT

A. Annual Assessments.

1. The Board of Directors shall adopt a budget for each fiscal year of the Association, and such budget shall contain estimates of the amount of monies deemed necessary for the Common Expenses, the manner of expenditure thereof, and the proposed Assessments against each Lot Owner. Each Lot Owner shall be obligated to pay his or her proportionate share of the Common Expenses assessed against him or her by the Board of Directors in accordance with the Declaration, the Charter, these Bylaws and applicable law.

2. The Board of Directors shall give notice to each Lot Owner, in writing, of the amount estimated by the Board of Directors for Common Expenses for the management and operation of the Association for the next ensuing budget period and the proposed annual Assessments no later than ten (10) days prior to the annual Owners' meeting, directed to the Lot Owner at his or her last known address by ordinary mail or by hand delivery. Said notice shall be

conclusively presumed to have been delivered five (5) days after deposit in the United States mail.

3. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either (a) the Developer, so long as there is a Class B member; or (b) a vote of a majority of the Owners voting in person or by proxy at such meeting. The failure of the Board of Directors, before the expiration of any year, to fix the Assessment thereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Declaration and these Bylaws or a release of any Owner from the obligation to pay the Assessments, or an installment thereof for that or any subsequent year. In such case, the Assessment fixed for the preceding year shall continue until a new Assessment is fixed.

B. Special Assessments. In addition to the annual Assessments authorized by Section A of this Article, the Board of Directors may levy, in any Assessment year, a Special Assessment, applicable to that year only, for the purposes of defraying, in whole or in part, any unexpected expenses or for other lawful purposes, provided that any such Special Assessment shall be apportioned in the same manner as a regular Assessment and shall receive the assent of three-quarters (3/4) of the Class A members or the assent of the Class B member, if any. Special assessments may also be levied by the Association if for any reason the annual assessments prove inadequate to defray the expenses of the Association in fulfilling its duties and obligations hereunder, subject to the consent of the members as set forth above.

C. Reserves. The Board of Directors shall not be obligated to expend all of the Assessments collected in any accounting period, but, with the surplus funds, must establish and maintain reasonable reserves for the periodic maintenance, repair and replacement of the Common Areas.

D. Working Capital. In order to ensure that the Association will have funds to meet unforeseen expenditures or to purchase equipment and services during the initial start-up operations of the Association, each Lot Owner shall pay an amount equal to three (3) months of the estimated annual Assessments of his or her Lot to the Association at the time of the closing of any initial purchase of the Lot from the Developer. Such amounts shall not be considered advance payment of regular annual Assessments which are required to be paid by each Lot Owner under Section A of this Article. The Association shall maintain the amounts collected in a working capital fund for the use and benefit of the Association.

E. Rate of Assessment. Annual and special assessments shall be fixed at a uniform rate for all Lots and may be collected on an

annual, semi-annual or quarterly basis by the Association Secretary/Treasurer as established by the Board.

F. Date of Commencement of Annual Assessment Due Dates. The first annual assessment shall become due and payable by each Owner on the first day of the earlier of (i) the month following the date when the planned Common Area amenities other than the tennis courts are completed, or (ii) the sixth (6th) month following the date of the sale of each Owner's Lot to him or her. Thereafter, as each Owner becomes an Owner, such new Owner's assessment for the current year shall be a pro rata share of the annual assessment as of the first day of the month following the date such Owner becomes a member of the Association. Upon a person or entity's ceasing to be an Owner, such Owner shall not be entitled to any refund of his annual assessment. The Developer shall not be responsible for assessments on Lots which do not have a residence constructed thereon.

G. Depository. The depository of the Association shall be such bank or banks and/or federal savings and loan associations as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the Board of Directors.

H. Annual Audit. An audit of the accounts of the Association shall be made annually at the option of the Board, and, if the Board so elects to cause an audit to be made, the cost of which shall be deemed a Common Expense, and a copy of the audit report shall be furnished to each Member not later than ninety (90) days following the end of the year for which the report is made.

I. Examination of Books and Records. The Board of Directors shall keep a book with a detailed accounting, in chronological order, of the receipts and expenditures affecting Bridgemore and its administration and specifying the maintenance and repair expenses of the Common Area and any other expenses incurred. Such book, the vouchers accrediting the entries made thereon, copies of the Declaration, these Bylaws, Rules and Regulations, and other books, records and financial statements of the Association shall be maintained at the principal office of the Association and shall be available for inspection by Members during normal business hours or under any other reasonable circumstances.

J. Management Contracts. The Association may enter into professional management contracts or other agreements; provided, however, that each such contract or other agreement shall contain a right of termination, with or without cause, that may be exercised by the Association at any time after there exists no Class B member; such right of termination must be exercisable without

penalty, provided the Association provides a ninety (90) day advance notice of its decision to terminate such contract.

K. Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all persons who either handle or are responsible for funds held or administered by the Association, whether or not they receive compensation for such services. Any management agent which handles funds for the Association shall also be covered by a fidelity bond.

L. Interest and Attorneys' Fees. The Board of Directors shall have the option, in connection with the collection of any charge or Assessment from a Lot Owner, to impose a late fee, or an interest charge at a rate of ten percent (10%) per annum or the highest legal rate then chargeable, whichever is less, from the date the charge or Assessment was due until paid. In the event attorneys' fees are incurred by the Board of Directors in the collection of such charges, the Lot Owner shall be responsible for payment of all such attorneys' fees, in addition to such costs allowable by law.

ARTICLE XVI OBLIGATIONS AND RESTRICTIONS OF LOT OWNERS

A. Restrictions. All Lots and Owners shall be subject to the covenants and restrictions contained in the Declaration and these Bylaws.

B. Rules and Regulations. Reasonable Rules and Regulations concerning the use of Bridgemore may be made and amended from time to time by the Association. Copies of such Rules and Regulations and amendments thereto shall be furnished by the Association to all Lot Owners and residents of Bridgemore, and such rules and regulations shall be of the same force and effect as the provisions of these Bylaws.

C. Rules of Conduct. In order to ensure the peaceful and orderly use and enjoyment of the Lots and the Common Area, the Members may, from time to time, adopt, modify and revoke in whole or in part, by a vote of a majority of the Members present in person or represented by proxy, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct. Such Rules of Conduct shall be consistent with the Declaration and these Bylaws and shall govern the conduct of said persons on the property of the Association as deemed necessary by the vote of the Members. Such Rules of Conduct, upon adoption, and every amendment, modification and revocation thereof, shall be delivered promptly to each Owner, and shall be binding upon all Lot Owners and occupants of Lots in Bridgemore.

ARTICLE XVII
INSURANCE

The Board shall be required to maintain liability insurance in such types and amounts as the Board deems to be reasonable. Lot Owners should carry insurance for their own benefit insuring their Lot, provided, that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by the Lot Owner.

ARTICLE XVIII
ENFORCEMENT

A. Enforcement. The Board shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: lawful self-help; sending notice to the offending party to cause certain things to be done or undone, restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

B. Fines. The Board shall also have the power to levy fines against any Lot Owner(s) for violation(s) of any Rule or Regulation of the Association or for any covenants or restrictions contained in the Declaration or these Bylaws in accordance with applicable law.

C. Waiver. No restriction, condition, obligation or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XIX
AMENDMENTS

Subject to the provisions contained in the Declaration, these Bylaws may be altered or repealed, or new Bylaws may be adopted at any meeting of the Association duly held for such purpose, provided that written notice shall have been sent to each Member and a quorum being present, by an affirmative vote of seventy-five

percent (75%) of the votes eligible to be cast. Directors and Members not present at the meetings considering the amendment may express their approval in writing.

An amendment to or modification of these Bylaws when adopted shall become effective only after being recorded in the Register's Office for Knox County, Tennessee, as an amendment to the Declaration. These Bylaws shall be amended, if necessary, so as to make the same consistent with the provisions of the Declaration.

ARTICLE XX
INVALIDITY

The invalidity of any part of these Bylaws shall not impair or affect in any manner the enforceability or affect the remaining provisions of the Bylaws.

The foregoing were adopted as Bylaws of Bridgemore Owners' Association, Inc., a corporation not for profit organized under the laws of the State of Tennessee, at the meeting of the Board of Directors as of the ____ day of _____, 20__.

President

ATTEST:

Secretary/Treasurer