

BY-LAWS

OF

SEDGEFIELD HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the Sedgefield Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of Tennessee.

Section 2. "The Properties" shall mean and refer to the property described in Section I of Article II of the Declaration of Covenants and Restrictions recorded in the Register's Office for Knox County, Tennessee, in Deed Book 1926, page 314, as amended by First Amendment of Declaration of Covenants and Restrictions, of record in Deed Book 1927, page 642, and such other properties as may hereafter become a part of Sedgefield in Knox County, Tennessee and whose owners become members of this Association.

Section 3. "Common Properties" shall mean and refer to parks, playgrounds, swimming pools, boat docks, commons, streets, footways, including buildings, structures, personal properties incident thereto, and any other properties owned and maintained by the Association for the common benefits and enjoyment of the residents with The Properties.

Section 4. "Developer" shall mean and refer to Gloria Goodman Imports, Inc.

ARTICLE II

LOCATION

Section 1. The principal office of the Association shall be located at 8705 Unicorn Drive, Knoxville, Tennessee 37923.

ARTICLE III

MEMBERSHIP

Section 1. Every person or entity who is the owner of a fee or undivided fee, interest in any lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such

interest merely as a security for the performance of an obligation shall not be a member. Also, religious groups, organizations, or associations owning lots shall not be members.

Section 2. All members, with the exception of the Developer, 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 becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration of Covenants and Restrictions to which the Properties are subject and recorded in the Office of the Register of Deeds for Knox County, Tennessee, and which provide as follows:

ARTICLE V - Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer for each lot owned by it within The Properties hereby covenants and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments, to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time the assessment fell due.

Section 3. The membership rights of any person whose interest in The Properties is subject to assessments under Article III, Section 2, 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, as provided in Article IX, Section 1, hereof, 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

Section 1. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Article III, Section 1, with the exception of the Developer. Class A members shall be entitled to one vote for each lot in which they hold the interests required for membership by Section 1, Article III. When more than one person holds such interest or interests in any lot, all such persons shall be members, and 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 such lot.

Class B. Class B members shall be the Developer. The Class B member shall be entitled to three votes for each lot in which it holds the interest required for membership by Article III, Section 1, provided that the Class B membership shall cease and become converted to Class A membership when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, at which time the Class B membership shall be determined to be a Class A membership and entitled to vote as such.

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 and facilities as provided by deed of dedication and Article IV, Declaration of Covenants applicable to The Properties.

Section 2. Any member may delegate his rights of enjoyment in the Common Properties and Facilities to the members of his family who reside upon The Properties or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. 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 Sedgefield in Knox County, Tennessee and to own, acquire, build, operate and maintain recreation parks, playgrounds, and including improvements thereon, and otherwise as provided in the Articles of Incorporation of Sedgefield Homeowners Association, Inc.

Section 2. The powers and rights of the Association shall be as specified in Articles of Incorporation of Sedgefield Homeowners Association, Inc., and the Declaration of Covenants and Restrictions recorded in the Knox County Register's Office to which the properties are subject. Such provisions are incorporated herein as fully and as completely as if specifically set forth.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. The affairs of the corporation shall be managed by a Board consisting of not less than three (3) and not more than seven (7) Directors who will be members of the Association. At the first annual meeting, the members shall elect one director for a term of three years; and at each annual meeting thereafter, the members shall elect one director for a term of three years.

Section 2. Vacancies in the Board of Directors shall be filled by the remaining directors, any such appointed director to hold office until his successor is elected by the Members, who may make such election at the next annual meeting of the Members or at any special meeting duly called for that purpose.

ARTICLE VIII

ELECTION OF DIRECTORS: NOMINATING COMMITTEE:

Section 1. Nominations for election to the Board of Directors shall be made by a Nominating Committee.

Section 2. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be

appointed by the Board of Directors prior to each annual meeting to allow them sufficient time to make nominations for all vacancies to be filled by election of the members at the annual meeting.

Section 3. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but shall nominate not less than the number of individuals corresponding to the number of vacancies to be filled. Persons other than those nominated by the Committee may be nominated from the floor.

Section 4. The nominees, corresponding to the number of vacancies to be filled, receiving the greatest number of votes from the members shall be elected the Directors for the ensuing year.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

(a) To call special meeting of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article XII, Section 2.

(b) To appoint and remove at pleasure all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Officer, or Director of the Association in any capacity whatsoever.

(c) To establish, levy and assess, and collect the assessment or charges referred to in Article III, Section 2.

(d) To adopt and publish rules and regulations governing the use of the common properties and facilities and the personal conduct of the members and their guests thereon.

(e) To exercise for the Association all powers, duties, and authority vested in or delegated to this Association, except those reserved to the meeting or to member in the covenants.

(f) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.

Section 2. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by one-fourth (1/4) of the voting membership as provided in Article XII, Section 2.

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) To issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive of any assessment therein stated to have been paid.

ARTICLE X

DIRECTORS' MEETINGS

Section 1. A regular meeting of the Board of Directors shall be held on the first Monday of each month, provided that the Board of Directors may, by resolution, change the day of holding such regular meeting.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held on the first day following which is not a holiday, and no notice thereof need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two directors after not less than three (3) days notice to each director.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be valid as though made at a meeting duly held after regular call and notice if a quorum is present, and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI

OFFICERS

Section 1. The officers shall be a President, a Vice-President, a Secretary, and a Treasurer. All officers shall be members of the Board.

Section 2. The officers shall be chosen by majority vote of the directors.

Section 3. All officers shall hold office during the pleasure of the Board of Directors, but no officer shall be permitted to serve in excess of three consecutive years.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, checks, leases, mortgages, deeds, and all other written instruments.

Section 5. The vice-president shall perform all the duties of the president in his absence.

Section 6. The secretary shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association together with their addresses as registered by such members.

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the president or the vice-president.

Section 8. The treasurer shall keep proper books of account and cause an annual audit of the Association books to be made at the completion of each fiscal year by a committee of three persons to be appointed by the president; one person must be a member of the Board of Directors but must not be the treasurer. He shall prepare an annual budget and balance sheet statement, and the budget and balance sheet statement shall be presented to the regular annual meeting.

ARTICLE XII

MEETINGS OF MEMBERS

Section 1. The regular annual meeting of the members shall be held on the tenth (10th) day of January in each year. If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held on the first day following which is not a holiday.

Section 2. 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 one-fourth of all of the votes of the entire membership or who have a right to vote one-fourth of the votes of the Class A 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 meetings 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-tenth (1/10) of the votes irrespective of class of membership 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.

Section 5. All meetings will be conducted in accordance with Roberts' Rules of Order.

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

ARTICLE XIII

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 XIV

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 XV

AMENDMENTS

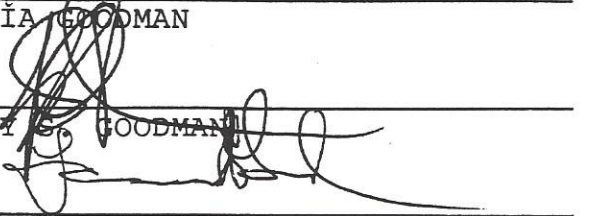
Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of ~~each class of~~ members present in person or by proxy, provided that any matter stated herein to be or which is in fact governed by the Covenants and Restrictions applicable to The Properties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

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 Covenants and Restrictions applicable to The Properties referred to in Section 1 and these By-Laws, the Covenants and Restrictions shall control.

IN WITNESS WHEREOF, We, being all the Directors of Sedgefield Homeowners Association, Inc., have hereunto set our hands this 2nd day of SEPTEMBER, A.D. 1987.

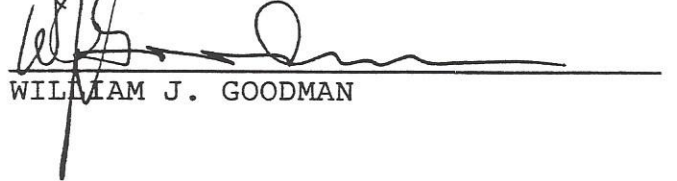


GLORIA GOODMAN



BARRY S. GOODMAN

LAUREN B. GOODMAN



WILLIAM J. GOODMAN