

BYLAWS
of
NAUTICA COVE HOMEOWNERS ASSOCIATION, INC.

Article I

Name

Section 1.1. *Name.* The name of the Association shall be **NAUTICA COVE HOMEOWNERS ASSOCIATION, INC.** (the "Association").

Article II

Purpose

Section 2.1. *Purposes.* The purposes for which this Association is formed are:

- A) To provide for the acquisition, construction, management, maintenance and care of association property of NAUTICA COVE SUBDIVISION and to perform the duties of the Association as set out and specified in that certain Declaration of Covenant, Conditions, and Restrictions for Nautica Cove Subdivision, of record in Misc. Book 31, Page 231, in the office of the Register of Deeds for Johnson County, Tennessee;
- B) To enforce the provisions contained in that certain Declaration of Covenant, Conditions, and Restrictions for Nautica Cove Subdivision, of record in Misc. Book 31, Page 231, in the office of the Register of Deeds for Johnson County, Tennessee; and
- C) To promote the health and general welfare of its members and to provide for the establishment and maintenance of such facilities as its Board of Directors determines are necessary, proper or desirable for the use of the owners of lots within Nautica Cove Subdivision, a plat of which appears of record in Plat Book 5, Page 178.

Article III

Officers

Section 3.1. *Officers.* The Officers of the Association shall be a President, a Vice President for Administration, a Secretary, and a Treasurer. The first President shall hold office for one (1) year, after which time the President shall be elected annually by the Board of Directors. All other officers shall be elected annually by the Board of Directors (the "Board"). They shall take office immediately after election. The officers of the Association must be both members of the Board of Directors and members of the Association.

Section 3.2. *President.* Subject to the direction of the Board of Directors, the President shall be the chief executive officer of the Association, and shall perform such other duties as from time to time may be assigned to him by the Board. The President shall be ex officio a member of all committees.

Section 3.3. *Vice President for Administration.* The Vice President for Administration shall have such power and perform such duties as may be assigned to him by the Board of Directors or the President. In case of the absence or disability of the President, the duties of that officer shall be performed by the Vice President for Administration. The Vice President for Administration shall, under the direction of the President, attend to the business and financial operations of the Association and shall be the chairman of the finance committee.

Section 3.4. *Secretary.* The Secretary shall keep the minutes of all proceedings of the Board of Directors and of all committees and the minutes of the members' meetings in books provided for that purpose; he shall have custody of the corporate seal and such books and papers as the Board may direct, and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors and the President; and he shall also perform such other duties as may be assigned to him by the President or by the Board.

Section 3.5. *Treasurer.* The Treasurer shall have the custody of all the receipts, disbursements, funds, and securities of the Association and shall perform all duties incident to the office of Treasurer, subject to the control of the Board of Directors and the President. He shall perform such other duties as may from time to time be assigned to him by the Board or the President. If required by the Board, he shall give a bond for the faithful discharge of his duties in such sum as the Board may require.

Article IV

Board of Directors

Section 4.1. *Number of Directors.* The business and affairs of this Association shall be managed by a Board of Directors which shall consist of no less than three (3) and no more than five (5) members which shall be elected as provided in section 4.9 below.

Section 4.2. *Executive Committee.* The Board of Directors may elect from their number an Executive Committee consisting of not less than three (3) members of the Board, which committee shall have all the powers of the Board of Directors between meetings, regular or special. The President of the Association shall be a member of and shall be chairman of the Executive Committee.

Section 4.3. *Regular Meetings.* The Board shall meet at least once each quarter and at such other times and intervals as they may deem necessary, on notice as provided in Section 8.3, below. Meetings may be held virtually or in person.

Section 4.4. *Special Meetings* Special Meetings of the Board of Directors may be called by the President or by three members of the Board for any time and place, provided notice of the meeting shall be given to each member of the Board before the time appointed for the meeting in accordance with Section 8.3, below.

Section 4.5. *Quorum*. The Directors shall act only as a Board, and the individual Directors shall have no power as such. A majority of the Directors at the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting although less than a quorum, may adjourn the meeting from time to time without notice until a quorum be at hand. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise provided by law.

Section 4.6. *Transaction of Business*. The Board of Directors may from time to time determine the order of business at its meeting. Consistent with these By-Laws, the Board of Directors shall:

a. Transact all Association business and adopt and amend rules for regulation of the use of Association property. It may appoint and remove such officers, agents, or employees as it may deem necessary; and may fix their duties and compensations. Without limiting the generality of the foregoing, the Board of Directors shall:

(1) Maintain, repair, renovate, restore, replace, care for, and upkeep the Common Areas;

(B) Levy and collect from Members and any third parties assessments, fees, dues, costs and charges levied by the Association in accordance with these Bylaws, the Restrictions, the annual budget, any special assessments, and any Regulations;

(C) Designate, retain and dismiss personnel, contractors, and professionals necessary for administrating the affairs of the Association and perform the maintenance and operation of the Common Areas;

(D) Adopt, amend, publish and enforce Regulations and administration of the Restrictions once enforcement thereof has been transitioned to the Association;

(E) Authorize the payment of bills, obligations and indebtedness of the Association as provided by the annual budget or special initiative.

b. Fix, impose and remit penalties for violations of these By-Laws and Rules of the Association.

c. Elect from the Board of Directors a President, a Vice-President for Administration, a Secretary and a Treasurer.

d. Constitute and appoint committees and define the powers and duties of the officers.

e. Designate the bank or banks in which the funds of the Association shall be deposited and determine the manner in which checks, drafts and other instruments for the payment of funds of the Association shall be executed.

Section 4.7. *Chairman.* At all meetings of the Board of Directors the President, or, in his absence, the Vice President, or in the absence of both, a Chairman chosen by the Directors present, shall preside.

Section 4.8. *Terms of Members of the Board.* The first Board of Directors named in these Bylaws of the Association shall serve for one (1) year.

Section 4.9. *Adoption of Regulations.* Any Regulations adopted by the Board shall be submitted to a regular or special meeting of the Members for consideration and approval. Copies of the Regulations to be considered shall be distributed to the Members with the notice of such meeting. A majority vote of those present, in person or by proxy, at the meeting where a quorum is in attendance shall be required to approve any proposed Regulations adopted by the Board.

Section 4.10. *Annual Report.* The Board of Directors, after the close of the fiscal year, shall submit to the members of the Association a report as to the condition of the Association and its property and shall submit also an account of the financial transactions of the past year and a budget for the upcoming year.

Section 4.11. *Vacancies in Board.* Whenever a vacancy in the membership of the Board shall occur, the vacancy shall be filled by the remaining Directors who shall appoint a person to fill the vacant position. Such appointed person shall serve until the expiration of the term of the position filled.

Section 4.12. *Action of the Board of Directors.* Except as otherwise provided in these Bylaws or by law, every act or decision by a majority of the Directors present in person at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Any Director may participate in a meeting through any means of communication by which all Directors participating can simultaneously hear each other during the meeting and shall be deemed in attendance at such meeting. In the event of any tie vote, the President, or highest ranking Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 4.13. *Action Without a Meeting.* Any action required or permitted to be taken at any meeting of the Board or any Committee appointed by the Board may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all Members of the Board or of such Committee, as the case may be and such written consent is filed with the minutes of the proceedings of the Board or Committee. Such consent shall have the same force and effect as a unanimous vote by the Board or by such Committee, as may be applicable.

Article V

Members and Membership

Section 5.1. *Qualifications.* Membership in the Association shall be limited to Lot Owners in Nautica Cove Subdivision.

Section 5.2. *Voting Rights.* The Owner or owners of a Lot shall be entitled to one vote at all meetings of Members. Where two or more persons own a Lot, the vote allocated to that Lot shall be cast by the one authorized by such two or more owners. Where only one of two or more owners of a Lot is present in person at a meeting, such one shall be entitled to cast the vote with respect to that Lot. Where one person or group of persons owns more than one Lot, such person or group shall be entitled to cast one vote for each Lot. In the event a partnership, trustee, corporation or other entity owns a Lot or Lots, the vote of such may be cast by a partner, trustee or officer of the same or by any person authorized in writing by a partner, trustee or officer thereof, to represent the same.

Section 5.3. *Commencement of Membership.* Every Person who is the record owner of a fee simple interest in any Lot shall automatically become a Member of the Association, excluding persons who hold such interest under a Mortgage. It shall be the responsibility of the Lot owner to communicate with the Secretary of the Association in writing concerning the Lot owner's contact information, payment of dues, assessments and any arrearages, applicable agreements and restrictions pertaining to such Lot, and the transfer or change in title to the Lot. Memberships shall commence upon taking title to the Lots.

Section 5.4. *Memberships Not Transferable.* No membership or certificate of membership may be sold, conveyed, assigned, or transferred, voluntarily, or by operation of law.

Section 5.5. *Annual Dues.* Each member of the Association shall be required to pay assessments, the amount and frequency of which shall be determined by and may be changed from year to year by the members. The Board shall provide for a dues structure to meet the annual budget of the Association and any contingency or capital reserves. Further, the Board may from time to time schedule meetings for special assessments applicable to the Subdivision to address any special needs or unbudgeted expenses of the Association. Annual dues and special assessments to be approved by at least two-thirds (2/3) of the Members of the Association entitled to cast votes.

Every Member shall be responsible for assuring timely payment of any and all dues, assessments or charges applicable to his or her Lot(s) without demand or offset. The Board may adopt Regulations from time to time concerning payment and collection of dues, assessments and fees which Regulations may include, without limitation, provisions for late charges and imposition of costs and fees (including attorneys' fees) as to Members failing to timely pay dues applicable to such Member's Lot(s). Members are responsible for assuring familiarity with all Regulations. Without limitation of the Association's rights and remedies for collection of amounts due from Members, there shall be a lien against each Member's Lot for any unpaid dues, assessments, charges, costs or fees (including attorneys' fees).

Section 5.6. *Successors.* In the event of a termination of any non-natural member, such as a partnership, corporation, or limited liability company, the partners, shareholders or members of the terminated member shall constitute an unincorporated association and shall, as such, continue membership in the Association.

Article VI

Meetings of Members

Section 6.1. *Annual Meetings.* There shall be an annual meeting of the members of the Association at such place as may be designated, on the 2nd Monday of November of each year if not a legal holiday, and if a legal holiday then on the next succeeding business day, at 8:00 p.m., for the transaction of such business as may come before the meeting.

Section 6.2 *Order of Business.* The order of business at all annual membership meetings shall generally be as follows:

- (A) Roll call and certification of proxies.
- (B) Proof of notice of meeting or waiver of notice.
- (C) Reading of minutes of preceding meeting.
- (D) Reports of Officers, if any.
- (E) Reports of committees, if any.
- (F) Election of Directors, if positions are open.
- (G) Unfinished business.
- (H) New business.
- (I) Adjournment.

Section 6.3. *Special Meetings.* Special meetings of the members shall be held whenever called by the Board of Directors or by the holders of at least ten memberships.

Section 6.4. *Notices.* Notice of each annual meeting and each special meeting, stating the time, place, and, with respect to Special Meetings, setting forth, in general terms, the purpose or purposes of the special meeting, shall be sent by mail to the last known address of all members in accordance with Section 8.3, below.

Section 6.5. *Voting.* Members shall be entitled to one vote per Lot owned. The Owner or owners of a Lot shall be entitled to one vote at all meetings of Members. Where two or more persons own a Lot, the vote allocated to that Lot shall be cast by the one authorized by such two or more owners, which authorization shall be in writing. Where only one of two or more owners of a Lot is present in person at a meeting, such one shall be entitled to cast the vote with respect to that Lot. If more than one owner attends a meeting of members and the owners of a single lot do not agree on who has the authority to vote, the right to vote for such member shall be suspended until the owners agree. Where one person or group of persons owns more than one Lot, such person or group shall be entitled to cast one vote for each Lot. In the event a partnership, trustee, corporation or other entity owns a Lot or Lots, the vote of such may be cast by a partner, trustee or officer of the same or by any person authorized in writing by a partner, trustee or officer thereof, to represent the same. One designated voter from each member may cast one vote, either in person or by proxy.

Section 6.6. *Quorum.* At all membership meetings, annual or special, a quorum shall be deemed present throughout any meeting until adjourned if Members entitled to cast one half (1/2) of the votes of the Association are present in person or by proxy. No Member whose voting rights have been suspended pursuant to Section 6.7 of these Bylaws shall be counted for a quorum.

Section 6.7. *Suspension of Voting Rights.* During any period in which a Member shall be in default for more than thirty (30) days in the payment of any fees, assessments or dues to the Association, the voting rights of such Member may be suspended by the Board until such fees, assessments or dues and any penalties relating thereto have been paid in full. Such rights may also be suspended for a violation of any provision of these Bylaws or any Regulations, until such violation is remedied or cured.

Section 6.8. *Adjourned Meetings.* Any meeting of the membership which cannot be organized because a quorum has not attended may be adjourned from time to time by the vote of a majority of the Members present in person or represented by proxy. When any membership meeting, either annual or special, is adjourned for a period of thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 6.9. *Action of the Members.* Except as otherwise provided by these Bylaws, any action taken at any meeting of Members shall be effective and valid if taken or authorized by a majority of all the votes taken thereon to which all of the Members present in person or by proxy at a duly constituted meeting shall be entitled. In the event of any tie vote at any regular, special, or adjourned meeting of the Association, the President, or the highest ranking Vice President present at the meeting in the absence of the President, shall cast a separate vote to break the tie;

provided, however in no event shall the Board be empowered or authorized to execute, sign, or deliver on behalf of the Association any contract of indebtedness, guaranty, surety, deed, mortgage, bond for title, deed to secure debt or deed of trust without the approval of two-thirds (2/3) of the membership.

Section 6.10. *Action Without a Meeting.* Any action which may be taken at a meeting of the Members may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by a majority of the Members entitled to vote and constituting a quorum (i.e. a majority vote of at least one-half (1/2) of the entire membership affected by the action) on the date on which the last such Member signs approval and consent and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a majority vote of the Members at a special meeting called for the purpose of considering the action authorized.

Article VII

Fiscal Matters, Books and Records

Section 7.1. *Fidelity Bonds.* The Board may require that any contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association from the common expense fund.

Section 7.2. *Books and Records Kept by Association.* After Turnover, the Association shall keep detailed, complete, and accurate financial records, including itemized records of all receipts and disbursements; shall keep detailed minutes of the proceedings of all meetings of the Members and of the Board, and committees having any of the authority of the Board; and shall keep such other books and records as may be required by law or necessary to reflect accurately the affairs and activities of the Association. The Association shall keep at the office of the Association (or such other location(s) as the Board may designate from time to time) a record giving the names and addresses of the Directors and of all Members of the Association.

Section 7.3. *Inspection.* After Turnover, the books, records, and papers of the Association, subject to such Regulations or restrictions consistent with the Tennessee Non-Profit Corporation Act as are adopted by the Association, shall upon reasonable advanced written notice and during reasonable business hours, be subject to inspection by any Member or his agent or attorney for any proper purpose. True and correct copies of the Charter of the Association, these Bylaws, and all Regulations of the Association with all amendments thereto, shall be maintained at the principal and the registered offices of the Association (or such other location(s) as the Board may designate from time to time), and copies thereof shall be furnished to any Member on request on payment of a reasonable charge.

Section 7.4. *Contracts.* The Board may authorize any Officer or Officers, or 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 or on behalf of, the Association, and such authority may be general or confined to specific instances.

Section 7.5. *Checks, Drafts, Etc.* All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by the Treasurer and countersigned by the President or a Vice President of the Association. In special circumstances, an Officer or Officers, or agent or agents of the Association, as shall from time to time be determined by resolution of the Board, may sign such instruments.

Section 7.6. *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.

Section 7.7. *Annual Statements.* After Turnover, not later than three (3) months after the close of each fiscal year, the Board shall prepare or cause to be prepared (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year and (b) an income and expense statement showing the results of its operations during its fiscal year. Such statements may, in the discretion of the Board, be audited statements. Upon reasonable advanced written notice, the Treasurer shall make available for review by any Member during reasonable business hours a true copy of the balance sheet and income and expense statement. At any time during the fiscal year, upon reasonable advance written request, the Treasurer shall make available for review to any Member during reasonable business hours true copies of the most recent balance sheet and income and expense statement.

Section 7.8. *Audits.* After Turnover, the Members may call for an audit by a certified public accountant of any Association financial records. Such audit at the Members' initiative shall be performed only by the affirmative approval of a majority of the membership present, in person or by proxy, and eligible to vote at any annual or special meeting. The Board, by a two thirds (2/3) vote of the Directors present at any regular or special meeting of the Board, may also call for such an audit. The audits initiated by the Members or the Board shall occur no more frequently than once a year. The certified public accountant shall be selected by the Board.

Section 7.9. *Notices.* Each Member shall be obligated to furnish to the Secretary of the Association the address, if other than the Member's Lot, to which any notice or demand to the Member under these Bylaws, is to be given. If no address other than such Lot has been designated, all such notices and demands shall be mailed or delivered to such Lot.

Section 7.10. *Payment of Taxes on Common Areas and Insurance Premiums.* The Board shall cause payment to be made, in a timely manner, of all taxes assessed against the Common Areas or Association property and of all insurance premiums. The Board shall have the authority to enter into agreements with institutional holders of first mortgages on individual Lots to permit said holders to pay past due taxes or insurance premiums owed by the Association subject to an immediate right of said holders to reimbursement by the Association.

Section 7.11. *Fiscal Year.* The fiscal year of the Association shall begin on the 1st day of January, and terminate on the 31st day of December of each year.

Article VIII

Notices

Section 8.1. *Notice.* Whenever, according to these Bylaws, a notice is required to be given to any member, it shall not be construed to mean personal notice, but such notice may be given in writing by depositing the same in the United States Post Office first class postage prepaid, addressed to such member at his address as the same appears on the books of the Association, and the time when the notice is mailed shall be deemed the time of the giving of notice.

Section 8.2. *Waiver of Notice.* Any notice required to be given by these Bylaws may be waived by the person entitled thereto.

Section 8.3. *Notice of Meetings.* Notices of meetings of the Members or the Board of Directors shall be given not less than ten (10) nor more than twenty (20) days prior to such meeting. Notice of meetings may be waived in writing.

Article IX

Miscellaneous

Section 9.1. *Parliamentary Rules.* Unless waived by majority vote of the Members in attendance, in person or by proxy, at any duly called membership meeting, or unless waived by a majority of the Directors present at any duly called meeting of the Board, Roberts' Rules of Order (latest edition) shall govern the conduct of the proceedings of such meeting when not in conflict with Tennessee law or these Bylaws.

Section 9.2. *Conflicts.* If there are any conflicts or inconsistencies between the provisions of Tennessee law and these Bylaws, the provisions of Tennessee law shall prevail.

Section 9.3. *Amendment.* The Charter of the Association may be amended by the Board of Directors as provided in T.C.A. §48-60-102(a), as now existing or hereafter amended. These Bylaws may be amended by the Members pursuant to T.C.A. §48-60-103(a)(1), as now existing or hereafter amended, at a regular or special meeting of the Members of the Association duly called and held for such purpose, pursuant to a resolution proposing the amendment adopted by the Board or proposed by fifty percent (50%) of the Members of the Association. Such resolution must be approved by at least two-thirds (2/3) of the Members of the Association entitled to cast votes. Any amendment to these Bylaws shall be consistent with Tennessee law and the Charter of the Association.

Section 9.4. *Indemnification.* Each Director of the Association who was, or is, a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, by reason of the fact that he is or was a Director of the Association, shall be indemnified by the Association against those expenses and costs which are allowed by the laws of the State of Tennessee and which are actually and reasonably incurred by him or her in connection with such action, suit, or proceeding. Such indemnification shall be made only in accordance with the laws of the State of Tennessee and subject to the conditions prescribed therein. To the extent obtainable, the Association shall maintain insurance on behalf of Directors of the Association against all liabilities asserted against, and incurred by, any such person in such capacity or as an officer, or arising out of his or her status as such, whether or not the Association would have the power to indemnify such Directors against such liabilities under the laws of the State of Tennessee. The expenses and costs incurred or to be incurred by a Director who is a party to a proceeding shall be advanced by the Association provided the requirements of T.C.A. §48-58-504(a)(1-3), as now existing or hereafter amended, are satisfied.

Section 9.5. *Agreements.* All agreements and determinations lawfully authorized by the Board shall be binding upon all Members, their heirs, legal representatives, successors, assigns or others having an interest in the Subdivision. In performing its responsibilities hereunder, the Association, through the Board, shall have the authority to delegate to such persons of its choice, such duties of the Association as may be determined by the Board.

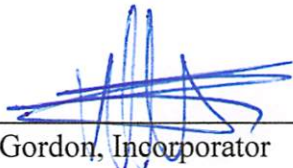
Section 9.6. *Severability.* Invalidation of any covenant, condition restriction provision, sentence, clause, phrase or word of these Bylaws, or the application thereof in any circumstances, shall not affect the validity of the remaining portions thereof and of the application thereof, which shall remain in full force and effect.

Section 9.7. *Gender and Grammar.* The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions apply either to corporations or individuals, men or women shall in all cases be assumed as though in each case fully expressed.

Section 9.8. *Headings and Captions.* The articles, section headings, and captions are for convenience and reference only and in no way define or limit the scope and content of these Bylaws or in any way affect the provisions hereof.

IN WITNESS WHEREOF, the undersigned have executed this instrument on this 17 day of MARCH, 2020.

NAUTICA COVE HOMEOWNERS
ASSOCIATION, INC.

By: 

Mitchell Gordon, Incorporator

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