

AMENDMENT TO BYLAWS OF MOUNTAIN SHADOWS RESIDENTS ASSOCIATION,
INC.

THIS AMENDMENT TO BYLAWS OF MOUNTAIN SHADOWS
RESIDENTS ASSOCIATION (the "Amendment") is hereby made this ____ day of
_____, _____.

WITNESSETH:

WHEREAS, MOUNTAIN SHADOWS RESIDENTS ASSOCIATION, INC. (the "Corporation"), a Tennessee nonprofit corporation, has been created under the laws of the state of Tennessee for the purpose of (i) maintaining and administering the common elements and properties within Mountain Shadows Estates, a residential development in Hamilton County, Tennessee, that are devoted to and intended for the common use, benefit and enjoyment of the members of the Corporation, and (ii) enforcing the covenants and restrictions governing the Lots within Mountain Shadows Estates and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement as set forth in the Bylaws of Mountain Shadows Residents Association, Inc. dated _____ (the "By-Laws"); and

WHEREAS, the members desire to provide for the preservation of the value of the Lots and the homes located within Mountain Shadows Estates and for the efficient administration of the common amenities therein, and this Amendment is being entered into in furtherance of such purpose.

NOW, THEREFORE, the By-Laws are hereby amended as follows:

1. Section 2.01 (Admission of Members): This Section is deleted in its entirety and replaced with the following:

"Any Owner shall be a member of the Corporation, provided that such Owner pays the membership assessments and fees established by the Board of Directors, is interested in the furtherance of the purposes of the Corporation and is an Owner of a Lot within the Mountain Shadows Estates subdivision as hereinafter defined. "Owner" shall mean and refer to the Owner as shown by the real estate records in the office of the Register of Deeds of Hamilton County, Tennessee, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title to a Lot pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. A "Lot" shall mean a designated lot as described within and governed by any of the Restrictive Covenants in effect within the Mountain Shadows Estates subdivision."

2. Section 2.02 (Rights and Obligations): This Section is deleted in its entirety and replaced with the following:

“Members shall be entitled to one (1) vote for each Lot in which they hold the interest as an Owner required for membership by Section 2.01 and shall have the same rights and obligations with respect to voting, payment of fees, dissolution, redemption, transfer and all other matters as all other members. When more than one person or entity holds such interest or interests in any Lot, each such person or entity shall be a member, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. When one or more co-Owners signs a proxy or purports to vote for another co-Owner, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Corporation before the vote is counted. If co-Owners disagree as to the vote, each co-Owner will be entitled to a fractional vote equal to the applicable fraction of ownership.

In the event of multiple ownership of a Lot, the name of all Owners of a Lot shall be submitted to the Corporation each year, not later than the 1st day of January of each year. In the event of ownership of a Lot by a partnership, corporation or other legal entity, the name of the person authorized to act on behalf of such entity, shall be submitted to the Corporation each year, not later than the 1st day of January of each year. The Corporation may rely on such submission for the purposes of determining the Owners of the Lots.”

3. Section 2.03 (Fees, Dues and Assessments): This Section is deleted in its entirety and replaced with the following:

“The Board of Directors may establish membership fees or assessments to be paid as a condition to being admitted as a member of the Corporation and may set from time to time assessments and other fees to be paid by members periodically.

Each member, as the Owner of a Lot, whether or not it is expressed in the deed or conveyance of the Lot to such member, shall be deemed to covenant and agree to all the terms and provisions of these By-Laws and to pay to the Corporation an annual assessment (Tier 1 assessment) used for the maintenance, operation, improvement, enhancement and operation of the common properties and amenities of the Mountain Shadows Estates subdivision and to provide services which the Corporation is authorized to provide in carrying out these duties. The Corporation may make payment of taxes and insurance thereon, pay the cost of labor, equipment, materials, management, supervision, accounting and member information services, maintain offices and equipment, repay any loans made to the Corporation and take such other action as is necessary to carry out its authorized functions. In the event that a Lot is owned by more than one person or entity, each assessment shall be charged to the Lot and all such co-Owners shall be jointly and severally liable for the entire amount of the assessment until paid in full as applicable to such Lot.

Annual assessments as herein described together with such interest thereon and costs of collection therefore as hereinafter provided, shall be a charge and continuing lien on the real property and improvements on the Lot on which each such assessment is made. Each such

assessment, together such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person(s) or entity which was the Owner of such Lot at the time when the assessment first became due and payable.

Beginning January 1, 2009, the annual Tier 1 assessment for each Lot as determined by the Board of Directors shall be \$200.00. Beginning on January 1, 2010, the Board of Directors may, after consideration of current costs and future needs of the Corporation, adjust the annual Tier 1 assessment for the year 2010 and each year thereafter; provided, however, that the annual Tier 1 assessment may not be increased by the Board by an amount exceeding ten percent (10%) of the annual Tier 1 assessment for the prior year, unless such assessment shall have been approved by a majority of the votes of the Members responding to a mail referendum within thirty (30) days of mailing, with such mail referendum to include a statement prepared by the Board of Directors of the Corporation favoring such assessment and stating the reasons therefore. Beginning January 1, 2009, an annual Tier 2 assessment for each Lot shall be available to the members. This Tier 2 assessment allows members selecting this option to have full access to the swimming pool at Mountain Shadows Estates and the use of pool services during pool operating hours. For 2009, the annual Tier 2 assessment is \$475.00. Beginning on January 1, 2010 and subsequent years, the annual Tier 2 assessment shall be determined by the Board of Directors after consideration of current costs and future needs of the pool operations. The Board of Directors is authorized to establish rules and regulations concerning the pool and other amenities in the Mountain Shadows Estates subdivision and shall publish such rules and regulations for viewing by the members on the Corporation's website or other location.

The first annual assessment shall be made for the calendar year beginning January 1, 2009, and shall become due and payable no later than thirty (30) days thereafter. The Board of Directors shall have the authority to change the date upon which annual assessments become due and payable thereafter upon notice to the members. Payment of annual assessments may be paid annually or monthly, by methods described by the Board of Directors through its website or other means communicated to the members. The annual assessment will be determined to be late if the annual assessment is not received by February 10 of the applicable calendar year or the monthly payment option has not been implemented via the means designated by the Board of Directors. On such date a late fee of \$100.00 will be assessed in addition to the standard annual assessment. If the assessment and the corresponding late fee are not paid on or before March 1, then such assessment shall become delinquent and shall, from the due date, together with interest thereon at the maximum permissible limit for contractual interest rates in Tennessee, and together with cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements on the Lot thereon, against which each such assessment is made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner at the time when the assessment first became due and payable to pay such assessment shall remain his personal obligation and shall pass a personal obligation to his successor-in-title whether or not expressly assumed by them. The lien shall not be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lot, except to any first priority lien now existing or hereafter placed upon a lot for the benefit of an institutional lender such as a bank, savings and loan, mortgage company or insurance company for the purpose of such institutional lender providing financing for the acquisition of the Lot or for the construction of improvements upon or to the Lot.

In addition to the rights set forth above, the Board of Directors may suspend the membership rights of any member during the period that the annual assessment remains unpaid. Upon payment of such assessment and late charges, etc., the member's rights and privileges shall be automatically restored.

4. Except as amended herein, the ByLaws shall remain unchanged and in full force and effect.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, this Amendment has been executed by the undersigned on the date first above written.

MOUNTAIN SHADOWS RESIDENTS ASSOCIATION, INC.

By: _____
President

By: _____
Secretary

STATE OF TENNESSEE)

COUNTY OF HAMILTON)

Before me, _____, of the state and county aforesaid, personally appeared _____ and _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be President and Secretary, respectively, of **MOUNTAIN SHADOWS RESIDENTS ASSOCIATION, INC.**, a Tennessee nonprofit corporation, and that they in such capacities, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation as such officers of Mountain Shadows Residents Association, Inc.

WITNESS my hand and seal at office in Hamilton County, Tennessee, this ____ day of _____, _____.

Notary Public

My commission expires: _____

