

**SHAGBARK PROPERTY OWNERS ASSOCIATION, INC.
3150 NORTH CLEARFORK ROAD
SEVIERVILLE, TENNESSEE 37862**

BY-LAWS

ARTICLE 1 – DEFINITIONS

The following words and terms, as used in the By-Laws of Shagbark Property Owners Association, a Tennessee non-profit corporation, shall, unless the context shall otherwise require, mean and be defined as follows:

1. **ASSOCIATION** - the aforesaid corporation, said term to be used interchangeably with the term “corporation”
2. **BOARD** - the Board of Directors of the Association
3. **BY-LAWS** - the By-Laws of the Association
4. **LOT** - a platted lot
5. **PARCEL** - an un subdivided land
6. **OWNER** -
 - (a) Any person, corporation, trust, or partnership who holds fee simple title to a lot or parcel or:
 - (b) Any person, corporation, or partnership that has contracted to purchase fee simple title to a lot or parcel under a written agreement, in which case the seller under said agreement shall cease to be the owner while said agreement is in effect
7. **ASSESSMENT** - any fees designated by the membership at an annual or special meeting, which is over and above the annual fee required by the Shagbark Covenants and Restrictions
8. **FEE** - the annual fee required by the Shagbark Covenants and Restrictions

ARTICLE 2 – MEMBERSHIP

Section 1:

Every person or entity who is a recorded owner of a fee or undivided fee interest in any lot or parcel will be a 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 or parcel whether or not it is subject to assessment by the association. Every member shall be entitled to one vote in the affairs of the association

regardless of number of lots or parcel owned, provided that if a lot or parcel is owned by more than one person or entity, all such owners shall designate that person to exercise the vote on behalf of the individual lot or parcel. Every owner of a lot or parcel in Shagbark will become a member of the Association upon receipt of fee simple title to a lot or parcel in Shagbark.

Any member, in order to vote and be considered a member in good standing, shall have paid all outstanding Association fees, assessments, fines and charges (as defined in Article 6 Section 1 (f) of these Bylaws). Any member who has not paid in full all outstanding fees, assessments, fines and charges shall not vote on any matter at an association meeting or serve on the Board of Directors. **(Revised 2016)**

Section 2:

Fees, fines and charges (as defined in Article 6, Section 1 (f) of these Bylaws) are due within thirty (30) days of the original billing, unless other payment arrangements are made by agreement. If the fees, fines and charges are not timely paid, they will be considered delinquent and the member will not be in good standing. If the fees, fines and charges are not paid within sixty (60) days after the due date, the Board of Directors may take appropriate legal action to recover the fees, fines and charges. Charges and fines imposed by the Board of Directors are collectible in the same manner as fees and assessments. **(Revised 2016)**

Section 3:

Special assessments are due on the billing date.

Section 4a:

In satisfying the requirements of Sections 2 and 3, any person or entity holding title to two (2) adjoining lots not separated by a roadway or boundary other than their common line, may petition the Board to accept the combining of the two lots into one larger lot. The resulting lot will be subject to the fees applicable to a single unimproved lot if the resulting lot is unimproved or the fees applicable to an improved lot if the resulting lot is improved. The approval of the petition may not be withheld by the Board without substantial just cause. Provided, however, the resulting lot may never be subdivided. These prohibitions shall run with the land and shall be binding upon all heirs, successors, and assigns. ***(Revised October 2014)***

Section 4b: *(Added October 2014)*

An adjoining third lot, meeting the same requirements as in 4a, may be combined with the previously combined larger lot approved in 4a. Requirements for this third lot to be combined include, but are not limited to:

1. Accessibility is very difficult.

2. A septic field and drain field permit cannot be obtained.
3. The angle of the slope prevents normal construction.
4. Safe parking spaces are difficult to achieve.

Board of Directors must approve this combination. If approved, the owner will continue to pay Shagbark dues and assessments on this third lot for three (3) years after the combination. *(The provisions of this amendment shall be effective January 1, 2015)*

ARTICLE 3 – MEETING OF MEMBERS

Section 1:

Annual Meeting – The regular annual meeting of the members shall be held during the month of October each year.

Section 2:

Special Meetings – Special meetings of the membership may be called at any time by the Board of Directors, or upon the request of ten percent (10%) of the membership entitled to vote. No business other than specified in the notice of said meeting shall be considered at a special meeting.

Section 3:

Notice of Annual or Special Meetings – Written notice of each meeting of the membership shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid or electronically, at least forty-five (45) days prior to such meeting to each member entitled to vote thereat, addressed to the members last address appearing on the books of the Association, or supplied to the Association for the purpose of notice. Such shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. **(Revised 2016)**

Section 4:

Quorum – A quorum shall consist of at least ten percent (10%) of the members in good standing. For purposes of this paragraph, a member in good standing may be counted for purposes of establishing a quorum if present in person or by proxy. A quorum must be present at any annual or special meeting in order for business to be conducted.

Section 5:

Proxies – At all meetings of members, each member may vote in person, electronically, or by proxy. Electronic votes shall be printed and verified by the Secretary. All proxies shall be in writing. Proxies and electronic votes are effective when received by the Secretary. Proxies are valid for the specific annual or special meeting only as designated and specified on the proxy form. Every proxy shall be revocable and

shall automatically lapse upon the transfer of the member's lot. Proxies must be delivered to the Secretary or other designated agent of the Association prior to the applicable meeting. (Revised 2016)

Section 6:

Votes required for Matter to carry – If Quorum is present, a majority vote of the members (proxies) in good standing present shall be required in order to obtain approval of any proposed action, unless a different percentage is required pursuant to the Amended Land Use Restrictions, Protective Covenants and Building Standards for Shagbark or pursuant to these By-laws.

ARTICLE 4 – BOARD OF DIRECTORS

Section 1:

Number – The affairs of the Association shall be managed by a Board of Nine (9) Directors and up to two (2) Alternate Directors all of whom shall be members of the Association in good standing.

Section 2:

Term of Office – Directors will be elected for a three (3) year term. Alternates will be elected for a one (1) year term. Elections of Directors and Alternates will take place at the Annual Meeting. No Director shall serve more than two (2) consecutive three-year terms. (Revised 2016)

Section 3: *(Revised October 2007)*

Any Director may be removed from the Board with or without cause by a majority vote of the Association membership in person or by proxy, at an annual or special meeting. A successor shall then be elected for the unexpired term. In the event of death, resignation, or removal of a Director by the Board, his successor shall be elected by the remaining members of the Board and shall serve until the next annual meeting of the Association at which time a general election will be held to fill the unexpired term. If elected “alternate” Board Members are available to serve, the Board shall elect the successor from one of the alternates. (Revised 2016)

Section 4:

Compensation – No Director shall receive compensation for any service they may render to the association, however, any Director may be reimbursed for any actual expenses incurred in the performance of their duties.

Section 5:

All members of the Board of Directors shall be owners of a residential lot. SPOA fees must be current.

Section 6: (Revised October 2007)

It is the fiduciary obligation of each Board Member to avoid conflicts of interest, selfdealings, or misuse, for his own personal gain, of information, which he has been made privy as a Board Member. Accordingly, the following fiduciary and conflict provisions apply to all Board Members, the violation of which will be subject to removal from the Board as provided above.

(a) While serving, no Board Member may either contract to purchase or purchase real property within Shagbark the availability of which was made known to the Board Member through his position on the Board. Provided, however, if the subject property is subsequently placed for sale by public real estate listing, auction, listing in the Association's registry of available lots or publicly by the seller for a period of at least 30 days, the Board Member may then contract to purchase the property and not be deemed in violation of this provision. It is the intent of this provision that "insider" information available to Board Members shall not be used to acquire property not readily known to be available on the open market.

(b) Any Board Member wishing to purchase real property within Shagbark while serving on the Board shall advise the seller that the purchase is subject to Board approval. Thereupon, the Board Member shall submit to the Board the proposed purchase for consideration at the next scheduled Board Meeting or at the next Board meeting at which the Board Member may be present. The Board shall approve and consent to the property purchase unless it specifically finds that the purchase is in strict violation of the provisions set forth herein. The minutes of the meeting shall reflect the proposed purchase submitted by the Board Member, the Board action, and the circumstances in which the Board member became aware the property was available for purchase. However, it shall not be necessary that the Board Member divulge (or the minutes reflect) the purchase price or terms of financing.

(c) Each Board Member shall have an affirmative and fiduciary duty to disclose to the Board any and all interests the Board Member may have personally, financially and professionally in any business relationships, contracts, or services involving SPOA. This affirmative duty also shall include any potential business relationships, contracts, services, or agreements between the Association and third parties. The nature of the relationship shall be declared and spread upon the minutes of the Board and the Board Member shall abstain from voting on any matter or participate in any discussion related to the disclosed business, except as

may be necessary to fully disclose the interest or as may be requested by the Board.

(d) Attempts to circumvent the provisions set forth above by the use of “straw men”, relatives or other subterfuge shall be deemed a willful violation subjecting the Board Member to immediate removal.

Section 7: (Added October 2007)

Only one member of a family and only one principal of an entity shall serve on the Board at any given time. For the purposes of this provision, “family” shall mean spouse, domestic partner, child or other issue, parent, brother, sister, or the spouse or domestic partner of any such person and shall include “half” or “step” relatives. The term “entity” shall include any form of legally recognized entity, including various forms of partnerships, companies, corporations, or business trusts. The term “principal” shall include an officer, manager, partner, or principal owner of an entity. It is the intent of this provision that family members or business partners, in whatever form, not serve on the Board at the same time.

ARTICLE 5 – MEETING OF DIRECTORS

Section 1:

Regular Meeting – Regular meetings of the Board shall be scheduled monthly if necessary, but no less than quarterly, at such place and hour as may be fixed from time to time by resolution of the Board. Meetings may be canceled by the President with the consent of a majority of the board. Meetings may be conducted by electronic forum including video or audio conferencing allowing all members to participate regardless of physical location. (Revised 2016)

Section 2:

Election of Officers – The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members or when the vacancy of an officer position occurs.

Section 3:

Officers – The officers of this Association shall be a President, Vice-President, Secretary and Treasurer who shall at all times be members of the Association and the Board of Directors.

Section 4:

Term – The officers of this Association shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 5:

Multiple Offices – The offices of Secretary and Treasurer may be held by the same person.

Section 6:

Special Meetings – Special meetings of the Board may be held when called by the president of the Association or by three (3) Directors and/or Alternate Directors, after not less than five (5) days' notice to each Director and public posting at the Shagbark security gate. The items to be discussed shall be clearly stated in the announcement and nothing else may be discussed at the meeting.

Section 7:

Quorum – A majority of the number of Directors shall constitute a quorum for the transaction of business: every act or decision of the Board shall require the favorable vote of five (5) Directors and all action taken shall be by resolutions.

Section 8:

Executive Meetings – the President or three (3) Board Members may call Executive (Workshop) meetings of the Board, one of which may be an Alternate Board Member, for any purpose. These meetings are for informational purposes and no votes or operational decisions can be made without proper notice of a Regular or Special meeting of the Board. The content of the items discussed at any Executive meeting will be announced and recorded at the next Regular or Special meeting of the Board. Generalizations are not acceptable but specific names may be omitted if not dealing with contractual or fee matters.

Section 9: (Revised October 2005)

Recording of Meetings – All meetings of the Board except Executive sessions will be electronically recorded for accuracy in addition to the permanent minutes taken by the Secretary. These recordings will be retained and accessible to the membership for two (2) years.

Section 10:

It is expressly permitted that any and all Directors may participate in a regular or special meeting of the Board by any means of communication by which all Directors participating may simultaneously hear each other during the meeting. Any Director participating in a meeting by this means is deemed to be present in person at the meeting. **(Added 2016)**

ARTICLE 6 - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1:

Powers – The Board of Directors shall have the power to:

- (a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Charter or the Land Use Restrictions, Protective Covenants and the Building Standards for Shagbark or such other restrictive covenants as may hereafter be applicable.
- (b) Declare the office of a member of the Board of Directors to be vacant in the event such member be absent from three (3) consecutive regular meetings of the Board, unless excused by the Board with cause: or is such member is not in good standing as defined by Article 2, Section 1
- (c) Employ Attorneys to represent the Association when deemed necessary.
- (d) Employ personnel as necessary for the operation of Shagbark.
- (e) Adopt rules, regulations, and reasonable charges for the use of Association amenities and common areas by non-owners.
- (f) Commit the corporation to long term debt. **(Added September 2019)**
- (g) Approve multi-year special assessments specifically for debt service. **(Added September 2019)**

Section 2:

Duties of the Board:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to members at the annual meeting, or special meeting when such statement is requested. **(b)** Collect fees set by the Association.
- (c) Carry out the directives of the Association, as determined at its annual or special meetings.
- (d) Procure and maintain adequate liability insurance covering the Association and its Directors.
- (e) If the cost of any work is expected to exceed three thousand five hundred dollars, (\$3,500.00), EXCLUDING EMERGENCIES THAT THREATEN HEALTH, SAFETY AND WELFARE OF THE COMMUNITY, competitive bids will be solicited from no less than three (3) interested parties. If three parties cannot be found from known businesses, a public advertisement in a newspaper distributed locally on a daily basis must be placed once weekly for at least four (4) weeks. The \$3,500.00 limit may be increased annually by the combined CPI index increase as published by the U. S. Government, at the discretion of the Board. ***(Revised October 2004) (Limit revised 10/24/09)***

Section 3:

Duties of the Officers:

- (a) **PRESIDENT** – The President shall preside at all meetings of the Membership and the Board of Directors; shall see that orders are carried out; shall act as the general managerial officer of the Association within the limitations imposed by the Board.
- (b) **VICE-PRESIDENT** – The Vice-President shall act in the place of the President in the event of his absence, inability, or refusal to act; and shall exercise and discharge such other duties as may be required of him by the Board. (c) **SECRETARY** – The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the Association; keep an active roster of all members and their addresses and shall perform such other duties as required by the Board. (Revised 2016)
- (d) **TREASURER** – The Treasurer shall cause to be prepared an annual budget; provide information on the income and expenditures of the Association to the certified public accountant so the accountant may present this information to the membership at its regular annual meeting; shall coordinate the annual review of the Association books to be made by the certified public accountant at the completion of each fiscal year; and review and report on the receipt and disbursement of funds as directed by the Board of Directors and review the keeping of proper books of the same; shall report to the Board monthly on the financial affairs of the Association in a timely manner. *(Revised 10/23/10)*

Section 4:

Qualifications of Board of Directors and Conflicts of Interest: *(Added October 1999)*

- (a) No Board Member shall be related or obligated to any other Board Member by blood, marriage, domestic liaison, or any other legally recognized bond or arrangement including joint ownership of business, partnership, corporate, or other assets, real or personal. The intent of this prohibition is to ensure that the only interests common to and shared by all Board Members shall be those of the property owners of Shagbark, first and foremost. Board Members shall seek to avoid even the appearance of impropriety by refraining from any and all activities that might be construed as furthering their personal or financial interests by or through their office including the manipulation of information, resources, or other tangibles or intangibles entrusted to their care by the Membership.
- (b) Further, in an effort to maintain the trust to the Membership, protect the integrity of the Board of Directors, and enhance Shagbark's public image and reputation, any Board Member who finds himself in a position where he or she is called upon to make a decision or recommendation in which he or she has either a

self-interest or ties to any party of the type delineated above must declare the details and nature of the ties and shall refrain from voting, discussing, making recommendations, or otherwise participating in the identified action or matter. Previous real property transactions, formal or informal contractual relationships or previous exchanges of goods or services, employer/employee relationships, or any other activity through which a Board Member has incurred some past or present obligation, benefit, or tie, however transitory, shall be declared.

(c) The Shagbark Board of Directors shall be prohibited from knowingly entering into any financial or contractual arrangement with any person or party who has any ties of the type identified above to any present Board Member.

ARTICLE 7 – COMMITTEES

The Board of Directors shall appoint an Oversight Committee consisting of two (2) persons to supervise the daily operation of Shagbark and carry out the directives of the Board of Directors. These members shall be either residents of Shagbark or reside in a close proximity to Shagbark in Sevier County. The president and/or Board of Directors shall appoint other Committees as deemed appropriate.

ARTICLE 8 – BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during regular business hours, be subject to inspection by any member; the Charter and By-laws of the Association shall be available for inspection by any member of the Association and may be copied at reasonable costs. (Revised 2016)

ARTICLE 9 – AMENDMENTS

Pursuant to T.C.A. 48-60-202, the Board of Directors may amend or repeal the bylaws unless:

1. The charter or state law reserve this power exclusively to the members in whole or in part; or
2. The members in amending or repealing a particular bylaw provide expressly that the board of directors may not amend that bylaw.

Also, the members may amend or repeal the bylaws if approved by two-thirds (2/3) of the votes cast at a regular or special called meeting.

Any proposed changes in the bylaws by the members shall be written out in full and sent to owners along with a copy of the existing sections of the bylaws proposed to be

amended. Such documents shall be sent either by the Board or by an owner proposing the change(s) within the same time frame required for notice of the meeting where the change is to be considered. (Revised 2016)

ARTICLE 10 – MISCELLANEOUS

(Added October 1999) Section

1:

Maintenance and improvement of Shagbark infrastructure such as roads, drainage, signs, etc. shall be designated as the Associations' primary responsibility. A fair and equitable system whereby available funds are to be dedicated and expended shall be adopted. Such a system shall be based on density of houses, traffic counts, or some similar criterion and shall be published and made available to the Membership. All Association policy and action related to such shall be formalized and reduced to writing and applied equally and fairly to all members.

The fiscal year of the Association shall begin with the calendar year. Nothing herein shall imply that Shagbark Subdivision is, has been, or will be a planned unit development (PUD) as defined by the U. S. Government or other governmental entity.

Article 11, Bonding and Indemnity

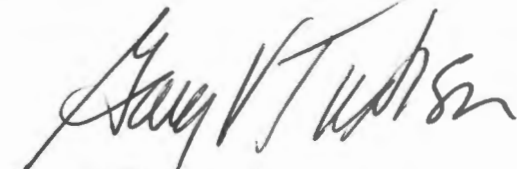
Section 1. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association having custody or control of corporate funds furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

Section 2. Indemnity. The Association shall hold harmless and indemnify its Officers and Directors, whether or not then in office, and their respective executors, administrators, and heirs from and against any and all claims, demands, expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, and any other costs with respect to any demand, threat, suit, or proceeding, whether civil or criminal, arising with respect to such person's previous, present, or future service as an Officer or Director of the Association to the maximum extent permitted by law.

Section 3. Liability. No Director of the Association shall be personally liable to the Association or its Members for monetary damages for any action taken, or any failure to take any action, as a Director, except liability for: (i) the amount of a financial benefit received by the Director to which the Director is not entitled; (ii) an intentional infliction

of harm; (iii) a violation of Tenn. Code Ann. § 48-58-302 or any successor statute; or (iv) an intentional violation of criminal law. (Added 2016)

Pursuant to T.C.A. 48-60-202, these By-Laws were adopted by a vote of 7 in favor and 0 opposed at a regularly scheduled meeting of the Board of Directors with quorum present, on the 21st day of September, 2019.



Gary V. Tustison, Secretary

