

**THIRD RESTATED CORPORATE BYLAWS
OF THE
CLIFFTOPS PROPERTY OWNERS ASSOCIATION**

These are the Bylaws of the CLIFFTOPS PROPERTY OWNERS ASSOCIATION (the "Association"), a Tennessee non-profit corporation and supersede and replace the Second Restated Corporate Bylaws of the Association recorded in Deed Book 117, beginning at Page 871, Register's Office of Marion County, TN, and in Book 223 Page 227 Register's Office of Franklin County, TN. The members of the Association are those persons or legal entities who own lots at Clifftops Resort required for membership by that certain "Second Restated Supplemental Declaration of Covenants and Restrictions for Certain Lots at Clifftops Resort and Provisions for Clifftops Recreational Association" (the "Covenants") recorded in Deed Book 117, Page 854, Register's Office, Marion County, Tennessee, and in Deed Book 223, Page 227, Register's Office, Franklin County, Tennessee, along with any amendments thereto or restatements thereof. Rogers Group, Inc., the "Declarant" under the Covenants has sold all the lots owned by it in Clifftops and no longer has any membership interests in the Association and there are no longer any "Class B Lots" or "Declarant related Directors".

**ARTICLE 1
Members**

Section 1.01 Mandatory Members

Every person or legal entity having record ownership of a fee simple or undivided fee simple interest in any lot which is subject to assessment by the Association in accordance with the Covenants, (each such lot is hereinafter referred to as a "Lot") shall be a member of this Association, (hereinafter referred to as a "Member") and subject to and bound by the Covenants, the Charter of Incorporation, these Bylaws, the Rules and Regulations of the Association, as the same may be amended from time to time; provided that any such person or entity holding such title or interest merely as security for the performance of an obligation shall not be a Member of the Association.

Section 1.02 Nonmember Lots

Certain Lots in Clifftops are not subject to the Second Restated Covenants, but are subject to the original Restrictive Covenants. The owners of such lots must make an election (by written instrument duly recorded) to become Members of the Association. As of the date of these Bylaws, the owners of the following lots are not Members of the Association and do not enjoy the privileges of membership and are not responsible for dues and assessments: 1, 1A, 4, 7, 12A, 13, 59, 77C, 86, and 174B.

Section 1.03 Designated Member Representative

Any corporation, association, partnership or other entity which is the record owner of a Lot or dwelling unit shall designate one individual (and his or her family, as applicable) who must be an officer, director, partner, or managing agent of such entity, to enjoy the rights, privileges, and benefits of membership in the Association, including but not limited to the right to use the Association's facilities and the right to vote at meetings. Such designation shall be made in writing to the Secretary of the Association and shall be kept at all times with the Association's records. It shall be signed by an officer, director, partner, or managing agent of the entity owning the Lot and may be revoked only in writing. Such entity shall have no right to vote at the Association's meetings unless such designation has been made and, once made, the individual so named shall be the only representative of such entity who shall have the right to vote at the Association's meetings or to enjoy the rights, privileges and benefits of

membership in the Association, and to be elected a Director of the Association, notwithstanding anything to the contrary contained in Section 3.02 hereof. All persons making use of the Association's facilities by reason of the entity's ownership of a lot in Clifftops shall do so as guests of the designated individual(s). If more than one individual is named, either may vote in person or by proxy, but if there is conflict between them, then no vote shall be counted.

Section 1.04 Transfer of Membership

Membership in the Association shall be automatically transferred to the new owner of a Lot upon its conveyance to such new owner and the recording of the deed of conveyance in the applicable Register of Deeds office. Membership shall be appurtenant to ownership of each Lot subject to the Covenants and shall run with the land and may not be separated from ownership of any Lot.

ARTICLE 2

Meetings of Members

Section 2.01 Place of Meetings of the Membership

Meetings of the Members shall be held at an Association owned facility at Clifftops or elsewhere at Monteagle, Tennessee, unless some other place is designated by the written consent of all persons entitled to vote thereat. Any meeting is considered valid wherever held if held by the written consent of all persons entitled to vote thereat, given either before or at the meeting and filed with the Secretary of the Association.

Section 2.02 Annual Meeting of the Membership

The Annual Meeting of the Members of the Association shall be held on the first Saturday in November, commencing at 10:00 a.m. The Annual Meeting shall be held for the purposes of informing the Members of the activities of the Association, for the election of Directors, and for the transaction of such other business as may be brought before the meeting. Following any Annual Meeting, the date of the next Annual Meeting may be changed by resolution of the Board of Directors.

Section 2.03 Special Meetings of the Membership

Special meetings of the Members may be called on the order of the President or upon the written request of any three (3) Members of the Board of Directors or of Members representing twenty percent (20%) or more of the total number of Lots subject to the Covenants. Business transacted at a special meeting shall be confined to the purposes stated in the notice for that meeting.

Section 2.04 Fixing Record Date

For the purpose of determining the Members entitled to notice of any meeting, or any adjournment thereof, the following shall apply:

(a) For the Annual Meeting, Members entitled to notice shall be those persons or other entities who are Members as of the close of business on the September 1 of each year.

(b) For any other membership meetings the record date for determining Members entitled to notice shall be the date as determined by the Board. In this case, such record date shall not be more than

thirty (30) nor less than fifteen (15) days before the date of the meeting. If no record date is fixed, then the date shall be thirty (30) days prior to the date of the meeting.

Section 2.05 Notice of Meetings of the Membership

(a) Written notice stating the place, date and hour of the Annual Meeting shall be delivered either personally or by mail by or at the direction of the President or Secretary, to each Member entitled to vote at the meeting not later than 45 days prior to the date of the meeting. Such notice shall be accompanied by a copy of the agenda, the budget approved by the Board of Directors for the following year and a proxy which contains a printed ballot and options for indicating a vote on each action item on the agenda or to allow the proxy holder discretion in the casting of the vote. If mailed, such notice shall be deemed delivered when deposited in the United States mail addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid. If delivered personally, such notice shall be deemed delivered when actually received by the Member. The person giving such notice shall certify that the notice required by this paragraph has been given, unless such notice is waived. Notice may be waived prior to or at any meeting. Attendance of any Member at a meeting, in person or by proxy, shall constitute a waiver of notice of the meeting.

(b) Written notice of a Special Meeting shall be delivered to each Member entitled to vote thereat, either personally or by mail by or at the direction of the President, Secretary or other person(s) calling the meeting, not less than fifteen (15) days prior to the date of the meeting. Such notice shall contain the specific purpose and agenda for the meeting, the statement that action and discussion at the meeting is limited to those items contained in the printed agenda and a proxy by which a Member may indicate a vote on each agenda item or allow the proxy holder discretion in the casting of the vote. The procedure for delivery and certification of notices of a Special Meeting is the same as for the notice of the Annual Meeting.

Section 2.06 Quorum

Members representing twenty-six percent (26%) or more of the votes entitled to be cast at any meeting, present in person or by proxy, shall constitute a quorum for the transaction of business, except as may otherwise be provided by law, by the Charter of Incorporation, the Covenants, or the Bylaws. If a quorum shall not be present or represented by proxy at any such meeting, then those entitled to vote who are present in person or represented by proxy, shall have the power to adjourn the meeting from time to time and notice of an adjourned meeting need not be given if the time and place to which it is adjourned are announced at the meeting at which the adjournment is taken. At any such adjourned meeting the quorum required shall be one-half (1/2) the quorum required at the preceding meeting. In no instance, however, shall any business of the membership be transacted if less than 13% of Members are present or represented by proxy. No such adjourned meeting shall be held more than sixty (60) days following the preceding meeting or, if it is so held, the quorum required shall again be twenty-six percent (26%) of the votes entitled to be cast. When a quorum is present to organize the meeting, it cannot be broken by the subsequent withdrawal or departure of a Member or Members.

Section 2.07 Voting

Each Member is entitled to one (1) vote for each Lot to which he owns fee simple record title. All votes shall be cast by a Member in person or by its Designated Member Representative or by proxy. In the case of any Lot owned by two or more natural persons as joint tenants, tenants in common or tenants by the entirety (each person a "Co-Owner"), any of the Co-Owners of a Lot shall be entitled to vote at a meeting or deliver a proxy for such meeting. If more than one Co-Owner of a Lot is present at a meeting or have delivered a proxy and all of the Co-Owners do not agree on the vote for their Lot, then no

vote with respect to their Lot shall be counted. Regardless of the number of Co-Owners of any Lot, there shall be only one vote per Lot.

Section 2.08 Proxies

(a) Every Member entitled to vote at an Annual or Special Meeting may do so by written proxy. A valid proxy must be completed, signed and dated by the Member and delivered to the proxy holder who will present the proxy to the inspectors of election at the beginning of the meeting for validation and recording. A Member may revoke a proxy at any time prior to any vote.

(b) The proxy may be completed by the Member in a manner which directs the proxy holder's vote on the published agenda, or it may grant the proxy holder the right to vote in a manner determined by the holder in his discretion. The Member may (but shall not be required to) grant the proxy holder authority to (i) vote on other items not listed on the agenda which are brought to a vote at a meeting, and/or (ii) designate another person to act as such Member's proxy, provided such designation is in writing and is presented to inspectors of election at the beginning of the meeting for validation and recording.

(c) The valid proxy shall entitle the proxy holder to vote at any adjournment of the meeting for which it is issued, but shall be void at the close of any such adjournment. No proxy shall be valid after the expiration of eleven (11) months from its date of execution. Votes shall be cast according to the applicable provisions set forth in the Association's Charter.

Section 2.09 Chairman of Meeting

The President, or in the absence of the President, the Vice President, shall preside at all meetings of the Members. In the absence of the President and the Vice President, the Board of Directors may appoint any Member to act as chairman of the meeting.

Section 2.10 Secretary of Meeting

The Secretary of the Association shall act as secretary at all meetings of the members and, in his/her absence, the chairman may appoint any member to act as secretary for the meeting.

Section 2.11 Order of Business

The order of business at the Annual Meeting of the Members shall be:

- (a) Call to Order.
- (b) Verification of proper notice of the meeting.
- (c) Verification of the presence of a quorum.
- (d) Presentation and approval of minutes of previous meetings.
- (e) Selection and appointment of inspectors of elections.
- (f) Election of Board of Directors of the Association.
- (g) Reports of Officers of the Association.
- (h) Reports of the Board of Directors of the Association.
- (i) Reports of Committees.
- (j) Report of the Manager.
- (k) Old business.
- (l) New business.
- (m) Adjournment.

Section 2.12 Order of Business at Other Meetings

The order of business at Special Meetings of the Association shall as far as practical conform to the order of business at the Annual Meeting, except that, no matter shall be considered and voted on at a Special Meeting unless it is set forth in the agenda of the meeting.

**Article 3
Management of the Association**

Section 3.01 Board of Directors

The property, business and affairs of the Association shall be managed and controlled by its Board of Directors. The Board of Directors shall have the following powers and duties:

- (a) To elect and remove the officers of the Association as hereinafter provided.
- (b) To administer and manage the affairs, the assets, and the property of the Association.
- (c) To formulate policies for the administration, management and operation of the Association's property.
- (d) To adopt rules and regulations, with written notice thereof to all lot owners, governing the administration, management, operation and use of the Association's property, and to amend such rules and regulations from time to time.
- (e) To provide for the maintenance, repair and replacement of the Association's property and to provide funding therefor.
- (f) To employ or otherwise engage and/or discharge a managing agent ("Manager") of the Association who may be an individual or a professional property management company and shall have the duties and authority delegated to such Manager by the Board of Directors. The performance by Manager of its duties and functions and the means, manner and method of the performance of such duties and functions shall always be subject to such directions, conditions and limitations as may be adopted by the Board of Directors, from time to time.
- (g) To engage employees, contract for the services of others and to provide authorization and funding for direct employees and contract services and to make purchases for and carry out the ongoing administration, operation and management of the Association and the repair, maintenance and replacement of the Association's property.
- (h) To contract for professional services such as attorneys, accountants, engineers, etc., as such professionals are, in the judgment of the Board, needed from time to time.
- (i) To establish and appoint required, standing and ad hoc committees of the Board which may make recommendations to the Board for policies, procedures and actions, and to delegate to certain committees specified in Section 3.14 the authority of the Board to carry out specific and limited actions on behalf of the Board as provided in Section 3.14. Each Committee member shall be a Member of the Association, a spouse of a Member or a Designated Member Representative. No Director may be chairman of more than one standing or required committee.

(j) To determine the fiscal year of the Association and to change such fiscal year from time to time as the Board deems advisable.

(k) To set the amount of the Annual Budget, and to provide the manner of assessing and collecting from Lot owners and Members their respective shares of estimated common expenses of the Association, as herein provided. The Board cannot authorize an individual expenditure exceeding \$50,000 for the construction or maintenance of land, buildings, improvements or other real property, except for the maintenance and paving of roads, unless it shall first have the prior approval of a majority of the members of the Association voting at a meeting at which a quorum of the membership is present.

(l) To levy special assessments for the purpose of funding costs of reconstructing, repairing or replacing or making or constructing additions to any existing capital asset owned by the Association, including, but not limited to existing buildings, improvements, facilities, amenities, fixtures, equipment and personal property; provided that, a special assessment for acquisition or construction of any new capital asset not now existing shall require the approval of a majority of the Members voting at an Annual or Special meeting of the membership at which a quorum is present.

(m) To borrow money if necessary to avoid an operating or other temporary deficit in the Association's finances, or to provide funds in an emergency, or for any other purpose deemed necessary by the Board, and, to mortgage, pledge or otherwise encumber the Association's assets to secure such borrowing, and to provide for special assessment, if necessary to repay such borrowing, subject to limitations contained elsewhere in these Bylaws.

(n) To purchase or sell any land, buildings, improvements or other real property of the Association; provided that any such purchase or sale shall be subject to the prior approval of a majority of the Members of the Association voting at a meeting at which a quorum of the membership is present.

(o) To assess and collect from Members, reasonable fees and charges, including but not limited to impact fees and charges for services and use of the "Recreational Facilities" (as defined in the Covenants); provided that such fees and charges are determined and imposed on the owners of Lots on an impartial nondiscriminatory basis. Members shall be personally liable for the payment of all such fees and charges.

(p) To adopt and revise architectural standards and to exercise the authority and responsibilities relating to architectural control delegated to the Board of Directors and contained in the Restrictive Covenants for Property Owned by J & L Development Company as recorded in Misc. Book 2, Page 425, Register's Office for Marion County and Deed Book 183, Page 323, Register's Office for Franklin County and contained in The Restrictive Covenants for Commercial Property Owned By Ralph Rogers & Company, Inc as recorded in Misc. Book 7, Page 257, Register's Office for Marion County and the first amendment thereto recorded in Deed Book 175, Page 165, Register's Office for Marion County, and as contained in the Delegation of Architectural Control, dated October 25, 1990, recorded in Volume 144, Page 138 of the Register of Deeds office, Marion County, Tennessee.

(q) To provide continuing communication between the Board and the Members through periodic newsletters and "Community" meetings of the Board with the membership at which any issue may be raised and discussed but at which no business may be transacted. Minutes of all meetings of the Board of Directors (including the "Community" meetings) shall be made available to Members on request. All official communications to the membership shall be signed by the President, Vice President, Secretary or Treasurer of the Association in the name of the Board except that correspondence of an administrative nature may be signed by a Manager employed by the Association. No Director (except in the capacity as an elected officer of the Association) or Committee Member may communicate in writing

directly with the membership in an official capacity or on Association letterhead unless authorized to do so by the Board of Directors.

(r) To exercise such other authority and perform such other duties as are prescribed by law or as provided in the Covenants.

Section 3.02 Qualification and Election

Each Director shall be a Member, or spouse of a Member, or an individual who is the Designated Member Representative of any other entity which is a Member of the Association, designated pursuant to Section 1.03 hereof. All Directors must be of legal age. They shall be elected by a plurality of the votes cast at the annual meeting of the Association, as hereinafter provided. Except in the case of resignation or removal as provided in Section 3.05, each Director shall hold office until the expiration of the term for which he is elected, and thereafter until his successor has been duly elected and qualified.

Section 3.03 Number and Term of Office

The Board of Directors of the Association shall consist of seven (7) persons. At the first election two (2) members were elected to serve for a term of one (1) year, two (2) members to serve for a term of two (2) years, and three (3) to serve for a term of three (3) years. At subsequent elections, members of the Board have and shall be elected for terms of three (3) years, or until their successors are elected and qualified. The Board may be enlarged in increments of two (2), but in no event shall the Board consist of more than thirteen (13) members. Any enlargement of the Board shall require the affirmative vote of a majority of Members voting at a meeting at which a quorum of the membership is present. The Directors shall be elected in the manner herein set out.

Section 3.04 Nomination and Election

(a) Following each Annual meeting of the Association, the President shall appoint a nominating committee consisting of the Vice President of the Board of Directors as Chairman, and at least two other Members in good standing, which shall meet and deliberate and report to the Members the name of one nominee for each position (including unexpired term vacancies) to be filled at the next membership meeting. Such list of nominees shall be provided to each member of the Association by mail at least ninety (90) days before the Annual Meeting. Before nominating a candidate, the nominating committee shall request each potential candidate for Director to declare any personal financial advantage or gain which such candidate or any member of such candidate's immediate family may receive as a result of actions that may be taken by the Board of Directors which is in addition to the benefits received by all Members. The committee shall take the potential candidate's response into consideration in making nominations. The nominating committee shall be a standing committee which, when requested shall deliberate and recommend to the Board of Directors Members to fill vacancies on the Board as contemplated in Section 3.06.

(b) Any four (4) Members in good standing may nominate candidates to the Board by presenting such nominations in writing signed by them to the Secretary of the Association or his designee, and thereupon the names of such candidates shall also be printed on the official ballot. Such petition shall be presented not less than seventy-five (75) days before the Annual Meeting. In addition, nominations for Directors may be made by Members from the floor at the Annual Meeting. Members may vote for such nominees by writing their names on the ballot.

(c) The notice of the Annual Meeting at which Directors are elected shall contain the names of all persons who have been properly nominated at the time such notice is given to fill vacancies for

terms expiring at the Annual Meeting and/or for unexpired terms for which there are vacancies. Nominees for each position shall be listed in alphabetical order. Each candidate may provide a brief statement of his/her philosophy and qualifications for inclusion in the notice of meeting.

(d) Each nominee listed in the notice of the meeting must indicate in writing to the Secretary a willingness to serve. Any person nominated from the floor at a meeting shall announce his willingness to serve at the meeting or in a letter presented at the meeting.

(e) Before balloting for Directors, the President of the Association shall appoint three (3) inspectors of election who shall collect, count, and report the votes cast at such election.

(f) The candidate receiving a plurality of the votes cast for the position for which such candidate is nominated shall be declared elected. Where two or more Directors are to be elected for an expiring three year term (or to fill an unexpired term), the candidate receiving a plurality of the votes cast shall be elected as also shall the candidate receiving the second highest number of votes; and in the case of an election of three Directors, the candidate receiving third highest number of votes shall also be elected. In the case of a tie vote as to the last position to be filled, a new ballot shall be cast between the candidates who tied in order to determine the last successful candidate, excluding those with a smaller number of votes who shall be declared defeated.

(g) If at the time of a Meeting at which Directors are elected, a Member has not paid any Association dues or assessments which are then due and payable, such Member shall not be eligible for election as a member of the Board of Directors.

(h) Members of the Board and the officers of the Association shall be installed at a meeting of the Board of Directors immediately after the membership meeting at which they were elected.

(i) Directors to be elected to fill any vacancies due to death, resignation or removal shall serve for the remaining unexpired term of the Director they replace. Directors are elected otherwise to serve for three (3) years.

(j) If the number of Directors shall have been increased, they shall be elected at the Annual or Special Meeting called for that purpose in the manner described herein. If the Board has been increased to nine (9), eleven (11), or thirteen (13) members, then the lengths of the initial terms of the new Directors shall be adjusted so that, respectively, no more than three (3), four (4), or five (5) Directors' terms expire in any one year; provided that, no Director's term shall be more than three years.

(k) No Director may succeed himself as a Director, nor may a former Director be elected to the Board of Directors until the expiration of at least one year following said Director's last service on the Board, except that a Director who was appointed or elected to fill an unexpired term of a Director who is deceased, has resigned or was removed, may be reelected to a three-year term on his own account.

Section 3.05 Removal and Resignation

(a) A Director may be removed for cause by vote of the Board or by the Association membership at a special meeting called for that purpose. Cause for removal shall include, but shall not be limited to, dues and assessments for any Lot owned by a Director being 60 days or more in arrears.

(b) A Director may be removed without cause only by vote of the Members at a meeting called for that purpose or at an annual meeting.

(c) A Director who fails to maintain the qualifications specified in Section 3.02 above shall be removed from the Board automatically and a replacement shall be appointed as provided in Section 3.06 below.

(d) A Director may resign at any time by giving written notice to the Board, the President or the Secretary. Unless otherwise specified in the letter of resignation, the resignation shall take place immediately upon receipt thereof by the Board or by the officers designated to receive the same, and acceptance of the resignation shall not be necessary to make it effective.

Section 3.06 Vacancies on the Board

In the event of a vacancy on the Board, by a majority vote of the remaining Members, the Board shall appoint a Director to fill such vacancy until the date of the next Annual meeting of the membership. The Board of Directors shall consider the recommendations of the nominating committee.

Section 3.07 Annual and Regular Meetings of the Board

The Annual Meeting of the Board of Directors, of which no notice shall be necessary, shall be held immediately following the annual meeting of the membership, or immediately following any adjournment thereof, for the purpose of organizing the Board, for the election or appointment of officers for the ensuing year, and for the transaction of such other business as may be conveniently and properly brought before such meeting. In addition to this meeting there shall be Board meetings held in the months of January, March, May, July and September, usually on the second Sunday, commencing at 2:00 p.m., or such other day and time as determined by the Board.

Section 3.08 Special Meetings of the Board.

(a) Special meetings of the Board of Directors may be called by the President or any other two (2) Directors and shall be held at an Association facility at Clifftops or at another place in Monteagle, TN.

(b) The Secretary shall give notice of the time, place and purpose or purposes of any special meeting, including a workshop meeting, by mailing the same at least five (5) days before the meeting or by telephoning, faxing, or E-mailing the same at least three (3) days before the meeting to each Director at his address as it appears on the books of the Association. Such notice may be waived prior to, at or subsequent to any such meeting, provided that the waiver is signed by all of the then elected Directors.

(c) Announcement of all regular, and to the extent reasonably possible under the circumstances, all special meetings of the Board of Directors shall be posted in advance of the date of the meeting for the information of the Membership of the Association. Not later than fifteen (15) days after each meeting, minutes shall be made available at the office of the Association for review by Members.

Section 3.09 Workshop Meetings of the Board

The Board of Directors may meet in informal session for the purposes of planning or discussion but no business may be transacted or concluded at such meetings.

Section 3.10 “Community” Meetings with the Board

The Board of Directors shall meet in open, informal sessions with the membership for the

purpose of gathering information, presenting and discussing items under consideration, and all other matters of interest to the membership and the Board, but no business shall be transacted. These meetings shall be held in the months of February and August, usually on the second Sunday commencing at 2:00 p.m. Additional meetings shall be scheduled as determined by the Board of Directors or upon the written request of 10% of the membership. The meeting shall be attended by a panel of no fewer than four (4) Board members, and in the absence of the President and Vice President, the Board of Directors may appoint any one of the Directors to act as chairman of the meeting. In the absence of the Secretary, the chairman may appoint any person to keep minutes of the meeting. At the next regular meeting of the Board of Directors, the Directors present at the "Community" meeting will report of the matters raised and discussed.

Section 3.11 Conduct of Meetings of the Board

At meetings of the Board of Directors, the President, or other officer selected by the Board shall preside. The Secretary shall keep minutes of the meeting or, in his absence, the presiding officer may appoint any person to keep such minutes. The Board, by a vote of the majority of the Directors present, may elect to meet in Executive Session for the purpose of discussing items of a confidential or sensitive nature.

Section 3.12 Quorum and Vote

The presence of a majority of the Directors shall constitute a quorum for the transaction of business, except in the case of a special meeting called by two or more Directors as provided in Section 3.08, a quorum shall be a majority of the Directors plus one. If less than a quorum is present at any meeting, a majority of those Directors present may adjourn such meeting from time to time until a quorum shall be present. No notice of an adjourned meeting need be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed thirty (30) days for any one adjournment. The vote of a majority of the Directors present at a meeting at which a quorum of the Board is present shall constitute an action of the Board, unless the vote of a greater number is required by law.

Section 3.13 Voting by Consent

Whenever the Directors of the Association are required or permitted to take any action by vote, such action may be taken without a meeting by unanimous written consent, setting forth the action to be taken and signed by all of the Directors entitled to vote thereon. An action taken on unanimous written consent shall be posted at the office of the Association and/or published for the information of the Members of the Association by one of the methods provided in Section 3.01(q).

Section 3.14 Standing/Required Committees

The nominating committee and the committees described in this Section 3.14 shall be the standing committees of the Board of Directors.

(a) There shall be an Architectural Control Committee consisting of the duly elected President and the duly elected Secretary of the Association and one other member of the Association who shall be appointed by the Board. This Architectural Control Committee shall operate in conformity with the provisions contained in the Delegation of Architectural Control dated October 25, 1990.

(b) There shall be a Finance Committee consisting of the Treasurer, as Chairman, one additional member of the Board of Directors and one or more Association members in good standing. The

Finance Committee shall review at least annually, all financial activities of the Association and shall present recommendations to the Board of Directors on fiscal matters. The Committee shall review and recommend a proposed Annual Budget. In years in which audited statements are not provided by an independent Certified Public Accounting firm, the Finance Committee shall perform a review of the books of the Association. Should the Finance Committee determine that any discrepancy or irregularity exists, the committee may recommend to the Board of Directors an external review or audit by an independent certified public accountant be undertaken.

(c) There shall be a Strategic Planning Committee which shall develop financial and strategic planning recommendations relating to short and long term maintenance, preservation and replacement of the Association's property and assets, in a manner consistent with American Institute of Certified Public Accountants Guide for Common Interest Realty Associations. At least one member of the Board of Directors shall serve on this committee. To the extent approved by the Board of Directors, the recommendations of the Strategic Planning Committee shall be taken into account in connection with the preparation of the Annual Budget.

Section 3.15 Directors Compensation and Expenses

The Directors shall receive no compensation for their service as Board members. However, the Directors may receive reimbursement for ordinary and reasonable expenses incurred in the performance of their duties provided that such expenditures are approved by the Board of Directors.

Section 3.16 Members' Requests

Any Member who wishes a topic to be considered by the Board may submit a letter to any member of the Board requesting that the item be considered. Any such topic shall be reported to the other Directors at the next regular meeting of the Board and the disposition of each such item shall be recorded in the minutes of the meeting.

Section 3.17 Individual Directors – Authority and Disclosure

An individual Director has authority as a Director only during a bona fide meeting of the Board of Directors or pursuant to action taken by unanimous written consent. No member of the Board of Directors shall exercise executive or management authority (a) unless delegated by the Board to perform a specific task or (b) unless such member of the Board has such authority as a duly elected officer of the Association as provided in Article 4 or elsewhere in these Bylaws. If a Director has any material direct or indirect financial interest in any matter considered at a meeting, such Director shall disclose the same to the other Directors. Such Director may choose to abstain from voting on the matter in which he has the disclosed financial interest.

ARTICLE 4 Officers

Section 4.01 Number and Qualifications

The Association shall have a President, a Vice President, a Secretary, and a Treasurer. No more than one (1) office may be held by any one (1) Director. All officers must be elected from among the members of the Board of Directors.

Section 4.02 Election and Term

The officers shall be elected each year by the Board of Directors at its Annual Meeting. Each officer shall serve until the next Annual meeting of the Board. Officers may be reelected for subsequent terms.

Section 4.03 Duties of President

(a) The President shall be the Chief Executive Officer of the Association and Chairman of the Board of Directors. When present, he shall preside at all meetings of the membership and shall preside at the meetings of the Board of Directors. The President or Vice President, unless some other person is specifically authorized by vote of the Board of Directors, shall sign all documents on behalf of the Association, including, but not limited to, deeds, mortgages, leases and contracts of the Association. Unless otherwise delegated by the Board of Directors, the President shall exercise direct supervision of the Manager and shall convey to the Manager all decisions and policies adopted by the Board, shall conduct annual performance reviews of the Manager, shall report to the Board the results of such reviews and, in connection with the preparation of the Annual budget, shall make recommendations to the Board regarding employment status (including salary and benefits) of all employees, including the Manager.

(b) The President shall be a member of the Architectural Control Committee.

Section 4.04 Duties of Vice President

The Vice President shall perform the duties and have the powers of the President during the absence or disability of the President. The Vice President shall also serve as a member of and Chair of the Nominating Committee (Section 3.04 (a)) and shall have such other duties and responsibilities which are delegated to the Vice President by the President or the Board of Directors.

Section 4.05 Duties of Secretary

The Secretary shall keep or cause to be kept, accurate minutes of all meetings of the membership and all regular and special meetings of the Board of Directors and, to the extent ordered by the Board of Directors or the President, the minutes of meetings of committees. As required by these Bylaws, he shall cause notice to be given of meetings of members and of the Board of Directors. He shall have general charge of the records, documents, and papers of the Association, which shall, at all reasonable times, be open to examination by any Director or Member of the Association. Along with the President or Vice President, the Secretary may sign or execute contracts which are authorized by the Board of Directors in the name of the Association. He shall make the minutes of all membership meetings and of each meeting of the Board of Directors available on request to any member not later than fifteen (15) days following each meeting. The Secretary shall be a member of the Architectural Control Committee.

Section 4.06 Duties of Treasurer

The Treasurer, subject to the order of the Board of Directors, shall be responsible for the money and funds of the Association and shall cause to be deposited such monies and funds in the name of the Association in such banks as the Board of Directors may designate. The Treasurer shall cause and direct the payment and disposal of funds under the direction of the Board of Directors. The Treasurer shall serve as Chairman of the Finance Committee.

Section 4.07 Resignation

Any officer may resign at any time by giving written notice to the President or the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time is specified, upon its acceptance by the Board of Directors.

Section 4.08 Removal of Officers

Any officer may be removed by a majority vote of the Board, with or without cause.

**ARTICLE 5
Fiscal Management**

The provisions for fiscal management of the Association set forth in the Covenants shall be supplemented as follows:

Section 5.01 Accounts To Be Kept

An account shall be maintained for each Lot. Such account shall designate the name and address of the persons or other entities who own such Lot, the amount of dues payable by them, the dates and amounts on which the dues are payable, the amounts paid and the balance due. The Board shall, upon receipt of not less than ten (10) days notice and payment of a reasonable fee, furnish to any Member a statement of his account setting forth the amount of any unpaid dues or assessments.

Section 5.02 Annual Budget

(a) The Board shall cause to be prepared and shall approve an estimated annual budget for each fiscal year (“Annual Budget”) of the Association. Such Annual Budget shall take into account the estimated common expenses and cash requirements for the year, including, but not limited to, salaries, wages, payroll taxes, legal and accounting fees, working capital funds, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, property and liability insurance, fuel, power and all other common expenses. To the extent that the dues, assessments and other cash income collected from the Members during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. Each Annual Budget shall also take into account any estimated net available cash income for the year from the lease, operation or use of the Association’s property. Each Annual Budget shall provide for reserves in reasonable amounts and for such purposes as are determined by the Board. The total Annual Budget of the Association for any year may not be increased by an amount in excess of 15% of the previous year’s Annual Budget unless such increase is approved by a majority of the Members voting at the Annual meeting at which a quorum of the membership is present.

(b) In the event of an operating surplus in the Annual Budget for any fiscal year, such surplus shall be contributed to the reserve for capital repairs or replacements, to be allocated as determined by the Board, or may be applied against the Annual Budget for the succeeding year, or returned to the members, at the discretion of the Board.

Section 5.03 Dues and Assessments

(a) The Annual Budget for the next fiscal year shall be approved by the Board at its regular

September meeting, and copies thereof shall be furnished by the Board to each Member in accordance with Section 2.05(a) above. On or before the first day of the first month and each succeeding month of the year covered by the Annual Budget, each Member shall pay as his respective monthly assessment for the Association's common expenses with respect to each Lot owned by such Member, one-twelfth (1/12), of the proportionate share of such common expenses for such year as shown on the Annual Budget for each Lot owned by each Member. The Board may, if it so chooses, authorize discounts to Members who elect to pay all monthly installments of their assessments for common expenses in a single annual installment paid in advance. For the purpose of determining the proportionate share of dues and assessments, the Lots shall be divided into two categories, to be known as "Undeveloped Lots" and "Developed Lots" (as such terms are defined below). The proportionate share of common expenses of the Association of each Developed Lot shall be the same. The proportionate share of common expenses of the Association for each Undeveloped Lot shall be 50% of the proportionate share of such common expenses allocable to each Developed Lot.

(b) As of January 1, 2000, Lots 74A, 74B, 74C, 75A, 75B and 75C are "Undeveloped Lots". All other Lots are "Developed Lots".

(1) An Undeveloped Lot shall retain that status until such Lot has frontage on a completed improved road, and water has been made available at the boundary line of such Lot. If the improved road and water availability are present on the first day of any month, the Lot shall be determined to be a Developed Lot as of that date, and thereafter dues and assessments shall be payable at the rate for Developed Lots.

(2) "Improved road" shall mean (a) any paved road within Clifftops existing as of January 1, 2000; and (b) any road begun after January 1, 2000, which is constructed and completed in accordance with standards contained in Monteagle Subdivision Regulations and is approved by an inspecting engineer approved by the Association. "Water is available at the boundary line of a Lot" means such time as a water line has been installed within a road right of way on which the Lot abuts and such water line has been charged and is operational.

(3) The Association shall not be responsible for maintaining any roads upon which Undeveloped Lots have frontage.

(c) The determination of Board of Directors of the amount of monthly assessments allocated to the Lots shall be final and uncontestably binding upon all Members. In the event that the Board shall not approve an Annual Budget for any year or shall fail to determine new dues and assessments for any year, or shall be delayed in doing so, Members shall continue to pay on the first day of each month, the amount of the respective dues and assessments as last determined. When the new dues and assessments for such year are determined by the Board of Directors, each Member shall pay any short fall between the new dues and assessments and the amounts actually paid for the preceding months of such year, on the first of next month after billed by the Association. Members shall pay dues and assessments on or before the first day of each month and shall not be relieved of the obligation to pay dues and assessments by abandoning or not using his Lot or the Association's property.

(d) In addition to the monthly dues and assessments, the Board of Directors may levy special assessments for the purpose of defraying in whole or in part, the cost of construction or reconstruction, repair, replacement or purchase of any capital improvement upon or for the Association's properties or to establish reserves therefor, subject to the restrictions and limitations set forth elsewhere in these Bylaws and as provided in Article 6 of the Covenants. Special assessments levied for the purpose of defraying

the cost of construction or purchase of a new capital improvement or asset not previously existing, as opposed to repair, replacement, improvement of or the making of additions to any existing capital asset (for which no membership vote is required), shall first be approved by a majority of the Members entitled to vote at an Annual or Special Meeting of the membership at which a quorum of the membership is present. Each Member shall pay his proportionate share of any special assessment when due and payable as determined by the Board of Directors. The proportionate share of special assessment of each Developed Lot shall be the same. The proportionate share of special assessments of each Undeveloped Lot shall be 50% of the proportionate share of such special assessment allocable to each Developed Lot.

Section 5.04 Partial Year

Commencing with the date of purchase of a Lot, the new owner of such Lot shall become a Member and shall be liable for and shall pay (a) all dues and assessments for each and every month thereafter (as well as prorata portion of the monthly installment for the balance of the current month following the date the purchase is consummated), and (b) any dues and assessments with respect to such Lot which were not paid as of the date of the purchase.

Section 5.05 Annual Report

Within sixty (60) days after the end of each fiscal year covered by an Annual Budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Member a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable. At least biennially, such annual report shall be an audited statement compiled by a Certified Public Accounting firm selected by the Board of Directors. In years when the statement is not furnished by a Certified Public Accounting firm, such report shall be compiled by the Finance Committee.

Section 5.06 Supplemental Budget

If, during the course of the year, it shall appear to the Board that the monthly dues and assessments are insufficient or inadequate to cover the estimated common expenses for the remainder of such year because of emergencies or extraordinary circumstances, then, subject to limitations contained elsewhere in these bylaws, the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which shall be furnished to the Members, and thereupon a supplemental assessment shall be made to the Members for their proportionate share of such supplemental budget. Such proportionate share shall be the same as provided in Section 5.03(a).

Section 5.07 Remedy for Non Payment

It shall be the duty of every Member to pay his proportionate share of the total dues assessment as provided in the Covenants, and as assessed in the manner herein provided. If any Member shall fail or refuse to make any such payment of the dues and assessments when due, the amount thereof, together with interest and late charges as provided in the Covenants, shall constitute a lien, enforceable by the Board as provided in Paragraph 6.10 of the Covenants, and the Board is authorized to maintain a suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with legal interest and reasonable attorney's fees to be fixed by the Court.

Section 5.08 Records and Statement of Account

The Board shall cause to be kept accurate financial records of the Association.

Section 5.09 Signing of Checks

All checks drawn on accounts maintained by the Association shall be signed by two persons authorized and designated by the Board of Directors. Transfer of funds between accounts of the Association shall require the signature of two persons authorized and designated by the Board.

**ARTICLE 6
Indemnification of Incorporators, Directors and Officers**

Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was an incorporator, Director, officer, or a member of any committee appointed pursuant to the Bylaws of the Association, shall be indemnified by the Association against all reasonable costs and expenses, including attorney fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, or the settlement of such litigation, except that in relationship to matters as to which it shall be adjudged in such action, suit or proceeding that such incorporator, director or officer is liable for gross negligence, fraudulent acts or criminal misconduct in the performance of his duties. The foregoing indemnification shall include indemnification against all costs and expenses, including but not limited to counsel fees, amounts of judgments paid, and amounts paid in settlement, reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, to any matter for which indemnification is allowed under Tennessee Code Annotated Section 48-58-501 through 48-58-601, inclusive, but not to any matter settled or compromised without the approval of the Board of Directors. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment of advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as herein authorized. The indemnification provided herein shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The right to indemnification shall continue as to a person who has ceased to be a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity. The Board of Directors may purchase and maintain insurance in such amounts as it deems appropriate to provide adequate protection allowed under this Article 6.

**ARTICLE 7
Miscellaneous**

Section 7.01 Fiscal Year

The fiscal year of the Association shall terminate on the 31st day of December of each calendar year, and all records, books, accounts and tax returns shall be kept and filed accordingly. The Board of Directors shall have the power to change the fiscal year from time to time by resolution, without amendment of these Bylaws.

Section 7.02 Waiver of Notice

Any notice required to be given under the provisions of these Bylaws or otherwise may be waived by the members, Directors, or officers to whom such notice is required to be given, either by, at or after the time at which such notice is required to be given.

Section 7.03 Principal Offices

The principal office for the transaction of the Association's business is located at Clifftops Resort, Monteagle, Marion County, Tennessee. The Board of Directors shall have full power and authority to determine the address of the principal office within said county and to change the principal office from one location to another by appropriate resolution.

Section 7.04 Pronouns.

Any pronoun used in these By-laws regardless whether it be masculine, feminine or neuter, shall also mean and include the masculine, feminine and neuter of such pronoun, as appropriate.

**ARTICLE 8
Amendments**

These Bylaws may be amended, added to or repealed by the affirmative vote of sixty-seven percent (67%) of the total votes present or represented at any duly constituted membership meeting at which a quorum of the membership is present, provided that, any such amendment must first have been approved by the Board of Directors.

**ARTICLE 9
Rules and Regulations**

The Board may adopt Rules and Regulations concerning the Association, which shall bind all members. Any such Rules and Regulations may be amended from time to time by the Board.

**AMENDMENTS TO THE
THIRD RESTATED CORPORATE BYLAWS
OF THE
CLIFFTOPS PROPERTY OWNERS ASSOCIATION**

AS ADOPTED NOVEMBER 4, 2000

Section 1.02 Nonmember Lots

Certain Lots in Clifftops are not subject to the Second Restated Covenants, but are subject to the original Restrictive Covenants. The owners of such lots must make an election (by written instrument duly recorded) to become Members of the Association. As of the date of these Bylaws, the owners of the following lots are not Members of the Association and do not enjoy the privileges of membership and are not responsible for dues and assessments: 1, 1A, 4, 7, 12A, 59, 65, 77C, 86, 89, and 155A.

Section 3.01 Board of Directors

(k) To set the amount of the Annual Budget, and to provide the manner of assessing and collecting from Lot owners and Members their respective shares of estimated common expenses of the Association, as herein provided. The Board cannot authorize an individual expenditure exceeding \$50,000 for the construction or maintenance of land, buildings, improvements or other real property, except for the maintenance and paving of roads, unless it shall first have the prior approval of a majority of the members of the Association voting at a meeting at which a quorum of the membership is present.

Section 3.14 Standing/Required Committees

(c) There shall be a Strategic Planning Committee which shall develop financial and strategic planning recommendations relating to short and long term maintenance, preservation and replacement of the Association's property and assets, in a manner consistent with American Institute of Certified Public Accountants Guide for Common Interest Realty Associations. At least one member of the Board of Directors shall serve on this committee. To the extent approved by the Board of Directors, the recommendations of the Strategic Planning Committee shall be taken into account in connection with the preparation of the Annual Budget.

I, Deborah Ball, hereby certify that I am the duly elected and acting Secretary of Clifftops Property Owners Association, a Tennessee non-profit corporation, and I further certify that the above is a true and correct copy of the Amendments to the Third Restated Corporate Bylaws of the Clifftops Property Owners Association, adopted by the members of said corporation on the 4th day of November, 2000.

Dated the _____ day of _____, 2000.

DEBORAH BALL, Secretary

STATE OF TENNESSEE
COUNTY OF _____

Personally appeared before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, Deborah Ball, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at office, on this the _____ day of _____, 2000.

NOTARY PUBLIC

My Commission Expires:

This Instrument Prepared by:

Clifftops Property Owners Association
700 Clifftops Avenue
Monteagle, TN 37356