

EXHIBIT "B"

(By-Laws)

EXHIBIT

EXHIBIT "B"**BYLAWS****OF****THE CLARIDGE HOUSE CONDOMINIUMS OWNERS' ASSOCIATION**

ARTICLE I - NAME

Section 1. Name. The name of this corporation is THE CLARIDGE HOUSE CONDOMINIUMS OWNERS' ASSOCIATION. The corporation may have such other offices within or without the State of Tennessee as the Board of Directors or the Members may from time to time designate.

ARTICLE II - APPLICABILITY

Section 1. Applicability. These Bylaws and each provision thereof shall be applicable to all Members, as defined, within the Condominium Project known as The Claridge House Condominiums as established by that certain Master Deed establishing Claridge House Condominiums and submitting Claridge House Condominiums to Tennessee Horizontal Property Act of record in the Shelby County Register's Office as Instrument Number 04/64324 (the "Master Deed").

ARTICLE III - MEMBERS

The following sections of this Article III shall apply to membership in the Association:

Section 1. Members. Every person who is a record title holder of a Unit shall be a Member of the Association. Membership shall automatically terminate as to that person upon the termination of such person's fee title to the Unit. Notwithstanding anything else to the contrary in this Article, any such person who holds record title merely as security for the performance of an obligation shall not be a Member of the Association. The Developer shall be a Member of the Association until the earlier of (a) such time as it has conveyed all of its right, title and interest in and to the Condominium Project and the Units therein to either the Association or an Owner; or (ii) seven (7) years from the date of recordation of this Master Deed.

Section 2. Voting. Each person shall be entitled to the number of votes as set forth next to the respective Unit as shown on Exhibit "D" to the Master Deed, which number shall be equal to one vote for every Unit owned by such Owner; provided however, that Developer shall have a weighted vote of 100 votes for every Unit owned by Developer as set forth on Exhibit "D" to the Master Deed. All votes attributable to a Unit must be cast together as a total collective group or unit and not separately.

ARTICLE IV – MEETING OF MEMBERS

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of the Members of the Association shall be held at 7:00 o'clock P.M. on the first Wednesday in December of each year, beginning in 200 _____. At such meeting there shall be elected by secret written ballot of the Members the officers of the Association in accordance with the requirements the Master Deed and these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the Chairman to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members representing at least twenty percent (20%) of the total number of votes of the Association having been presented to the Secretary. The notice of any special meeting unless waived in writing or by attendance, shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member of record, at his/her/its address as it appears on the membership book of the Association, if any, or if no such address appears, at his/her/its last known place of address, at least ten (10) days but no more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the Member at his/her/its last known address by deposit in the box or slot for the United States mail. Notice by either such method shall be considered as notice served. Attendance by a Member at any meeting of the Members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of Members representing at least fifty-one percent (51%) of the total votes entitled to be cast with respect to any question, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of Members. If the number of Members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the Members, each of the Members shall have the right to cast his/her/its votes on each question as set forth herein at Article III, Section 2. The vote of members representing a fifty-one percent (51%) majority of the total votes of Members entitled to be cast at such meeting shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Master Deed or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. No Member shall be eligible to

vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. Any Member may appoint any other Member or any other person permitted by law or by these Bylaws as his/her/its proxy. In no case may any Member except the Developer cast more than one vote by proxy in addition to his/her/its own vote. Any proxy must be in writing and must comply with all requirements imposed by law or by these Bylaws.

Section 9. Written Consent. Whenever the vote of Members at a meeting thereof is required or permitted to take any action in accordance with any statute, the Master Deed or these Bylaws, such meeting and vote may be dispensed with if all Members who would have been entitled to vote upon such action consent in writing to such action being taken.

Section 10. Order of Business. The order of business at all regularly scheduled meetings of the Members shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of Officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business (including, without limitation, adoption of the Budget and assessments as provided in the Master Deed).
- (h) Election or appointment of inspectors of election.
- (i) Election of directors.

In the case of a special meeting, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V – BOARD OF DIRECTORS

Section 1. Number and Qualification. The Association shall have at least three (3) but not more than five (5) directors (the “Directors”). At meetings of the Directors, each director shall have the right to cast one vote. The affairs of the Association shall be governed by the Board of Directors.

14.01 Section 2. Interim Directors. The Developer shall appoint an interim Board of Directors of the Association (the "Interim Directors") each of whom shall serve until such time as the Developer is no longer a Member of the Association in accordance with Article III, Section 1 above. The interim Board of Directors shall have all of the powers and authority granted to the Board of Directors of the Association by the Act, the Master Deed and these Bylaws.

Section 3. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and the Condominium Project and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Members. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

- a. To own, manage, administer and operate, as the Members deem necessary, the Condominium Project;
- b. To establish and collect assessments and/or dues and fees from the Members for the management, repair, operation, care and maintenance of the Condominium Project and easements and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of these Bylaws and the Master Deed;
- c. To designate, hire and/or dismiss the personnel necessary for the repair, operation, care and maintenance of the Condominium Project and to provide services for the Members in a manner consistent with law and the provisions of these Bylaws and the Master Deed or to retain a manager or management company to perform necessary services; However, no management contract shall require the payment of any penalty or an advance notice of more than ninety (90) days to terminate. Any management contract entered into during the period of Developer control of the Association shall give the Association the right to terminate such contract without cause and the right of termination can be exercised at any time after the control of the Association as been turned over to the Unit Owners.
- d. To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use and maintenance of the Condominium Project, all of which shall be consistent with law and the provisions of these Bylaws and the Master Deed;
- e. To do all other things necessary and proper for the management, maintenance, repair, operation, use and enjoyment of the Condominium Project by the Members; and
- f. To do all other necessary and proper things and acts permitted by law.

Section 4. Nomination. Nomination for the election of the Directors, other than the Interim Directors, shall be made by the Members at the annual meeting.

Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected and are duly qualified. At the first annual meeting of the Members after expiration of the term of the Interim Directors, and consistent with these Bylaws, the

Members shall elect the Directors to serve on the Board of Directors for the following year. The term of office for each Director shall be for a period of one (1) year and until their successors shall have been elected.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be an Director until a successor is elected by the Members at the next annual meeting.

Section 7. Removal of Officers. Any Director, other than an Interim Director, may be removed with or without cause by the affirmative vote of the majority of the total votes of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association may be terminated by the Directors and the remaining Directors shall appoint his/her/its successor as provided in this Article. A Director appointed by the Developer may only be removed by the Developer.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director who is also a member of the Association for services performed for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken.

Section 9. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meetings shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, email, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman on three (3) days notice to each Director, given personally or by mail, telephone or facsimile, which notice shall state the time and place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the Chairman or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him/her/it of the time, place and purpose thereof. If all the Directors are present and remain

present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action of the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Fidelity Bonds. The Board of Directors may require that all Officers, agents and employees of the Association handling or responsible for the Association or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI - OFFICERS

Section 1. Designation of Initial Officers. The Developer shall designate the initial Chairman, Secretary and Treasurer of the Board of Directors, who shall serve as such Chairman, Secretary and Treasurer of the Association until the expiration of the term of the Interim Directors. The Officers shall have the general powers and duties set forth in these Bylaws. The Officers may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. At the first annual meeting of the Members after the expiration of the term of the Interim Directors and consistent with these Bylaws, the Directors shall determine the number of additional officers to be elected to serve until the next annual meeting. Thereafter, the Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any Officer may be removed either with or without cause, and his/her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. Chairman. The Chairman shall be the chief executive officer of the Association. He/she shall preside at all meetings of the Members and of the Board of Directors. He/she shall have all of the general powers and duties which are usually vested in the office of chairman/president of an association, including, but not limited to, the power to appoint committees from among the membership from time to time as he/she may, in his/her discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association; he/she shall have custody of the seal of the Association, if any; he/she shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he/she shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He/she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII – LIABILITY OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every Officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he/she may be made a party by reason of being or having been an Officer or Director of the Association, whether or not such person is an Officer or Director at the time such expenses are incurred. The Officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association shall indemnify and forever hold each such Officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Officer or Director of the Association or former Officer or Director of the Association may be entitled.

Section 2. Common or Interested Officers or Directors. The Officers and Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and the Condominium Project. No contract or other transaction between the Association and one or more of its Officers or Directors, or between the Association and any corporation, firm or association (including The Claridge House Condominium Association) in which one or more of the Officers or Directors of this Association are Officers or Directors or are pecuniarily or otherwise interested, is either void or voidable because such Officer or Director are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his/her or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

a. The fact of the common directorate or interest is disclosed or known to the Board of Director or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; and

b. The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Officers or Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction with like force and effect as if he were not such officer or director of such other corporation or not so interested.

ARTICLE VIII – MANAGEMENT AND AFFAIRS OF ASSOCIATION

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage and operate the affairs of the Association and, for the benefit of the Members thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein and elsewhere provided for those matters set forth in the Master Deed or as determined by the Board of Directors.

Section 2. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association, each Member at his/her/its own expense shall maintain his/her/its Unit and Limited Common Elements, if any, in good order, condition and repair, and in clean and sanitary condition, and shall do all things reasonably necessary which may at any time be necessary to maintain the good appearance of his/her/its Unit and Limited Common Elements, if any.

Section 3. Emergency. For the purpose solely of performing any of the repairs or maintenance required or authorized by these Bylaws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the Member, to enter upon such Member's property at any hour considered to be reasonable under the circumstances.

ARTICLE IX - ACCOUNTING

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association, which shall begin at the date of recording of these Bylaws. The commencement day of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practice. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the Condominium Project and its administration and shall specify the maintenance and repair expenses incurred. That amount of any assessment required for payment or any capital expenditures of the Association shall be credited upon the books of the Association as determined by the Board.

Section 3. Reports. The Association shall furnish its Members, and the holders of first mortgages requesting same within ninety (90) days from date of close of each fiscal year, with an annual financial statement, including the income and disbursements of the Association.

Section 4. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the Members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Member's property within the subdivisions and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interests as Members.

Section 5. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the Chairman or another authorized Officer, and all checks shall be executed on behalf of the Association by such Officers, agents, or other persons as are from time to time so authorized by the Board of Directors. Every check, written or endorsed by the Association, must bear both a signature from a member of the Board of Directors and a signature from either the Chairman, Secretary or Treasurer, not being the same person.

Section 6. Employment of Management Company. The Association shall be authorized to employ a management company to aid the Association in carrying out its duties and responsibilities.

ARTICLE X - AMENDMENT

Section 1. Amendments. These Bylaws may be amended by the affirmative vote of Members representing a majority (unless the Master Deed calls for a greater number with respect to a particular clause) of all votes entitled to be cast at any meeting of the Members duly called for such purpose, and only after thirty (30) days' prior written notice to the institutional holders of all first mortgages on the property of the Members. Amendments may be proposed by the Board or by petition signed by Members representing at least thirty percent (30%) of the total number of votes entitled to be cast. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XI - MORTGAGES

Section 1. Notice to Board of Administration. Any Member who mortgages his/her/its property shall promptly notify the Board of Directors of the name and address of his/her/its mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Administration. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Definitions. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States government, or any agency thereof.

ARTICLE XII - MISCELLANEOUS

Section 1. Resident Agent. The resident agent shall be designated as the person authorized to accept service of process in any action relating to the Association and the Condominium Project.

Section 2. Notices. Unless another type of notice is herein or elsewhere specifically provided for, any and all notices called for in the Master Deed or these Bylaws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

Section 6. Gender, Etc.. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Section 7. Conflicts. THESE BYLAWS ARE SUBORDINATE TO ALL PROVISIONS OF THE MASTER DEED. ALL OF THE TERMS HEREOF, EXCEPT WHERE CLEARLY REPUGNANT TO THE CONTEXT, SHALL HAVE THE SAME MEANING AS IN THE MASTER DEED. IN THE EVENT OF ANY CONFLICT BETWEEN THESE BYLAWS AND THE MASTER DEED, THE PROVISIONS OF THE MASTER DEED SHALL CONTROL.