

BYLAWS OF THE CHURCHILL DOWNS HOMEOWNERS ASSOCIATION

ARTICLE I

NAME OF THE CORPORATION AND DEFINITIONS

Section 1. The name of the organization shall be CHURCHILL DOWNS HOMEOWNERS ASSOCIATION, INC.

Section 2. "The Subdivision" shall mean and refer to the Churchill Downs Subdivision in Knox County, Tennessee, being the same property described in the Register's Office of Knox County, Tennessee, in Deed Book 1885, at page 441.

Section 3. "Common Properties" shall mean and refer to any and all recreational parks and areas, playgrounds, swimming pools, common areas, streets, footways, entrance area, and all lands, buildings, structures, and personal properties incident thereto, and any other properties owned and maintained by the Association for the common benefit and enjoyment of its members.

Section 4. "Quorum" shall mean fifty-one (51%) percent of the membership present either in person or by proxy at any duly called regular or special meeting.

Section 5. The Associations fiscal year shall coincide with the calendar year.

ARTICLE II

MEMBERSHIP

Section 1. Every person who is the owner of a fee or undivided fee interest in any lot in the Subdivision and who occupies a dwelling house on the same as his principal residence shall become a member of the Association within thirty (30) days of purchase and occupancy, and shall be responsible for any and all duties attending such membership in the Association (which shall not be limited to the payment of annual dues) and shall also be entitled to all the privileges of membership in the Association. Any such person or entity who holds such interest merely as a security for the performance of an obligation or who is an organization, association, or a corporation shall not be a member. If the occupant of said dwelling house is not the owner of the same, the occupier and not the owner shall be deemed to be the member with all rights, privileges, and responsibilities of membership. However, the owner of the dwelling house shall at times be responsible for all duties to be performed by the occupant (including the payment of dues and/or assessments). Membership shall not be transferable, except to a subsequent purchaser of the owner/member's fee interest in their Subdivision lot and dwelling house, or as otherwise set out herein.

Section 2. Membership may be held jointly by a husband and wife and/or other occupiers of a single dwelling, but in any event, each member household shall constitute only one voting unit, such vote to be cast as such joint members/household agree.

Section 3. All membership shall pay annual dues. Annual dues for new members will be prorated on a monthly basis determined by the month of their membership. Annual dues for each membership shall be recommended by the Board of Directors and presented to the membership for approval at the regular annual meeting.

Section 4. If the Board of Directors believes it necessary to levy assessments for the purpose of improving, operating, or maintaining the Corporation, approval must be obtained by a majority vote of the memberships in the Corporation in person or by proxy at a duly called Membership meeting.

ARTICLE III MEETING OF MEMBERS

Section 1. The regular annual meeting of the members shall be held on the second Saturday of October in each year following incorporation, or in case such day is a legal holiday, on the next day. Written or printed notice stating the place, day, and hour of such meeting shall be mailed or delivered by the Secretary at least ten (10) days before such meeting to each member. If notice of said meeting is not accomplished in time, and/or in the event the regular annual meeting cannot validly be held on the second Saturday of October, said meeting shall be held as soon thereafter as practicable following proper notice thereof.

Section 2. Special meetings of the members may be called at the discretion of the President, Board of Directors, or thirty-three and one-third (33-1/3%) percent of all members subject to ten (10) days notice being given, stating the purpose of the meeting in said notice.

Section 3. At all meeting of members, attendance and voting may be in person or by proxy. All proxies shall be in writing and filed with the Secretary before the opening of business.

ARTICLE IV BOARD OF DIRECTORS

Section 1. The affairs of the corporation shall be managed by a Board of five (5) Directors, consisting of President, President-Elect, the Vice-President, the Treasurer, and the Secretary. The Directors shall each be members of the Association in good standing. Any Director who sells, and/or is absent or gives notice of his intention to be absent for more then thirty (30) consecutive days from his/her dwelling house in the subdivision, shall relinquish his/her position as a Director and officer in the Corporation.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

- (a) to call special meetings of the members whenever it deemed necessary;
- (b) to appoint and remove at pleasure all agents and/or employees, of, and/or contractors with, the Corporation, prescribe their duties, fix their compensation, and require of them such security or fidelity bond and/or liability insurance as it may deem expedient;
- (c) to recommend the amount and rate of annual dues and present said recommendation to the membership for approval at the annual meeting;
- (d) to recommend assessments against the members for the purpose of improving, operating, or maintaining the Corporation and/or the "Common Properties";
- (e) to initiate any legal proceeding which the Board feels in its discretion is necessary to compel any member to perform any and all duties attending such member's membership in the Association, including the payment of annual fees;
- (f) to adopt and publish rules and regulations governing the use of the Common Properties and facilities and the personal conduct of the members and their guests thereon;
- (g) to make recommendations regarding acquisition of property and/or improvements and/or to make recommendations regarding the maintenance and operation of said properties, improvement and Common Properties.

Section 2. It shall be the duty of the Board of Directors:

- (a) to keep a record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is required in writing by fifty-one (51%) percent of the voting membership as provided herein
- (b) to produce and maintain adequate liability and hazard insurance on property owned by the Corporation;
- (c) to supervise all officers, agents, and employees of this Corporation and to see that their duties are properly performed;
- (d) to ensure the final performance of any contracts and/or contractors with the Corporation;
- (e) to generally manage and direct the affairs of the Corporation.

ARTICLE VI MEETING OF DIRECTORS

Section 1. The Board of Directors shall hold regular meetings at a time and frequency as the Board deems necessary.

Section 2. Special meetings of the Board of Directors may be held on call of the President or at the request of the majority of Directors.

Section 3. Notice of all regular and special meetings of the Board of Directors shall be mailed or delivered by the Secretary to each member of the Board of Directors at least seven (7) days prior to such meeting, which notice shall be effective when mailed or

delivered, provided that special meetings of the Board of Directors may be held without written notice upon the consent of any Director not attending, which consent shall be entered in the minutes of the meeting as part thereof.

Section 4. A majority of the members of the Board of Directors is required for the transaction of business at any regular or special meeting of the Board. Every act or decision made by a majority of the Directors present at a duly held regular or special Board meeting at which a majority of the members of the Board of Directors is present shall be regarded as the act of the Board.

Section 5. Vacancies in the Board of Directors may be filled by the remaining Directors at any regular or special meeting, but any Director so selected shall hold office only until the next annual meeting of the members when the successor shall be elected by the members.

ARTICLE VII OFFICERS OF THE CORPORATION

Section 1. The officers of the Corporation shall be a President, President-Elect, Vice President, Secretary, and Treasurer.

Section 2. Officers shall be elected by the Membership at the annual meeting

Section 3. Each officer with the exception of the President and President-Elect shall serve two (2) year terms. The President and President-Elect will each serve one (1) year terms.

ARTICLE VIII DUTIES OF THE OFFICERS

Section 1. The President shall preside at all meetings of the Association and shall be an ex-officio member of all committees. The President of the Corporation shall have signatory authority to sign all documents and papers to which his/her signature is necessary or required by the laws of the State of Tennessee, or to effectuate or implement any action of the Board or Association, or customary business practice. The President shall make all committee appointments as required by these bylaws. The President shall be the chief executive officer of the Corporation with all of the powers and duties normally impending upon such office by law, custom, practice, or tradition.

Section 2. The President-Elect shall become the President of the Corporation the year following the current President's tenure, and as such will be in attendance at Association meetings. In this capacity he/she will become familiar with the duties, responsibilities, powers, and authority of the office of the President.

Section 3. The Vice-President shall exercise all the duties of the President of the Corporation including but not limited to signature authority during the President's disability, absence, or refusal to act, or upon his/her death or removal and until the President's successor shall have been elected and qualified.

Section 4. The Secretary shall keep the minutes of all meetings of the Association and the Board of Directors and the minute book of the Corporation and attest to the signature of the President of other authorized officer on all papers and documents as required by the laws of the State of Tennessee, the Charter of Incorporation, or when such is reasonably required or demanded by any person to whom which documents are directed. The Secretary shall also give any required notice of all meetings of the Board of Directors and of the Membership.

Section 5. The Treasurer of the Corporation shall keep a full and accurate account of all financial transactions of the Corporation and the books of accounts of the Corporation, in accordance with good accounting practices. The Treasurer shall also supervise and account for the receipts, deposits, and disbursements of the Corporation, and shall make all periodic reports of the financial affairs of the Corporation as may be required by the Corporation, together with an annual financial report.

ARTICLE IX

LIMITATION ON LIABILITY OF DIRECTORS AND OFFICERS

Section 1. No member of the Board of Directors or Officer shall have any personal liability to the Corporation or its members for monetary damages for an act or omission of any such Directors or Officers of his/her duties as such Director or Officer, except for willful and/or intentional misconduct or knowing violations of law or for any breach of the Director's duty of loyalty to the Corporation or its members.

ARTICLE X

AMENDMENTS

Section 1. These bylaws may be amended, at a regular or special meeting of the members, by a quorum of the votes, provided that the substance and purpose of the amendment shall have been included in the notice of the meeting.

Adopted: This 18th day of May, 1992.

Amended: This 19th day of October, 1996.

SECRETARY

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STATE OF TENNESSEE

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BYLAWS
OF
SECRETARY OF CHURCHILL DOWNS HOMEOWNERS ASSOCIATION, INC

ARTICLE I

Section 1. The name of the organization shall be CHURCHILL DOWNS HOMEOWNERS ASSOCIATION, INC.

Section 2. "The Subdivision" shall mean and include the Churchill Downs Subdivision in Knox County, Tennessee, consisting of the same property described in the Declaration of Covenants and Restrictions recorded in the Register's Office of Knox County, Tennessee, in Deed Book 1885, at page~~s~~ 441 through 442.

Section 3. "Common Properties" shall mean and include any and all recreational parks and areas, playgrounds, swimming pools, commons areas, streets, footways, entrance areas, parking lands, buildings, structures, and personal properties located on the Subdivision thereto, and any other properties owned and maintained by the Association for the common benefit and enjoyment of its members.

ARTICLE II

Section 1. Every person who is the owner of an undivided fee interest in any lot in the Subdivision and who occupies a dwelling house on the same as his principal residence shall become a member of the Association within thirty (30) days of purchase and occupancy, and shall be responsible for the payment of all duties attending such membership in the Association (which duties shall not be limited to the payment of annual dues) and shall also be entitled to all the privileges of membership in the Association. Any such person or entity who holds such

AND SECURITY
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and security for the performance of an obligation, organization, association, or a corporation shall

If the occupant of said dwelling house is not the owner, the occupier and not the owner shall be responsible with all rights, privileges and responsibilities. However, the owner of the dwelling house shall be responsible for all duties to be performed by the occupier (including the payment of dues and/or assessments). The right of membership shall not be transferrable, except to a successor of the owner/member's fee interest in their dwelling house, or as otherwise set out here.

Section 2. Membership may be held jointly by one or more persons and/or other occupiers of a single dwelling house. Each member household shall constitute only one vote to be cast as such joint members/household.

Section 3. All membership shall be subject to the payment of annual dues. Annual dues for new members will be determined by the month of their membership. The amount of dues for each membership shall be recommended by the Board of Directors and presented to the membership for approval at the annual meeting.

Section 4. If the Board of Directors believe it is necessary to levy assessments for the purpose of improving, or maintaining the Corporation, approval of such assessments shall be granted by a majority vote of the memberships in the next regularly called Membership Meeting.

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BRYANT MILLSAPS
SECRETARY OF STATE

ARTICLE III

MEETING OF MEMBERS

Section 1. The regular annual meeting of t shall be held on the first Saturday of May in each ye incorporation, on in case such day be a legal holiday next day. Written or printed notice stating the plac hour of such meeting shall be mailed or delivered by Secretary at least ten (10) days before such meeting member. If notice of said meeting is not accomplishe and/or in the event the regular annual meeting cannot held on the first Saturday in May, said meeting shall soon thereafter as is practicable following proper no thereof.

Section 2. Special meeting of the members called at the discretion of the President, Board of D thirty-three and one-third (33-1/3%) per cent of all subject to ten (10) days notice being given, stating of the meeting in said notice.

Section 3. At all meetings of members, att voting may be in person or by proxy. All proxies sha writing and filed with the Secretary before the openi business.

Section 4. The presence in person or by pr uly called meeting of the membership of fifty-one (5 of the membership entitled to cast votes shall consti quorum for any action.

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Section 5. The number of members and/or member shall be determined by, and deemed to be, the number of members (per Article II, Section 1) existing at the time said meeting.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Numbers. The affairs of the corpor shall be managed by a Board of five (5) Directors, consis President, President-Elect, the Vice-President, the Treas and the Secretary. The Directors shall each be members i standing and shall be elected at each annual meeting of t membership. All Directors shall serve for a term of two years from and after the date of their election. Any Dir who sells, and/or is absent or gives notice of his intent be absent for more then thirty (30) consecutive days from dwelling house in the Subdivision, shall relinquish his/h position as a Director and officer in the Corporation.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have p

(a) to call special meetings of the members wh it deems necessary;

(b) to appoint and remove at pleasure all agen and/or employees, of, and/or any contractors with, the

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BOYD HALLSAPS
SECRETARY OF STATE

Corporation, prescribe their duties, fix their c
require of them such security or fidelity bond a
insurance as it may deem expedient;

(c) to recommend the amount and rate c
and present said recommendation to the membership
the annual meeting;

(d) to recommend assessments against t
the purpose of improving, operating, or maintaini
Corporation and/or the "Common Properties";

(e) to initiate any legal proceeding wh
feels in its discretion is necessary to compel any
perform any and all duties attending such member's
the Association, including the payment of annual f

(f) to adopt and publish rules and regul
governing the use of the Common Properties and fac.
personal conduct of the members and their guests th

(g) to make recommendations regarding ac
property and/or improvements and/or to make recomme
regarding the maintenance and operation of said pro
improvements and Common Properties.

Section 2. It shall be the duty of the Bo
Directors:

(a) to keep a record of all of its acts a
affairs and to present a statement thereof to the me
annual meeting of the members or at any special meet

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BRYAN H. HARRIS
SECRETARY OF STATE

is requested in writing by fifty-one (51%) per cent of membership as provided herein;

(b) to procure and maintain adequate liability hazard insurance on property owned by the Corporation;

(c) to supervise all officers, agents, and employees of this Corporation and to see that their duties are properly performed;

(d) to ensure the final performance of any contracts and/or contractors with the Corporation;

(e) to generally manage and direct the affairs of the Corporation.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. The Board of Directors shall meet at a time and frequency as the Board shall determine necessary.

Section 2. Called Meetings. Special meetings of the Board of Directors may be held on call of the President or at the request of the majority of Directors.

Section 3. Notice of Meetings. Notice of all regular and special meetings of the Board of Directors shall be delivered by the Secretary to each member of the Board of Directors at least seven (7) days prior to such meeting. Such notice shall be effective when mailed or delivered, provided that special meetings of the Board of Directors may be held without notice.

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BRYANT HILL, AND
SECRETARY OF STATE

written notice. Upon the consent of any Director
not attending, which consent shall be entered in
the meeting as part thereof.

Section 4. Quorum and Voting. A quorum
transaction of business at any special or regular
Board of Directors shall consist of a majority of
the Board of Directors. Every act or decision of
majority of the Directors present at a duly held
a quorum is present shall be regarded as the act

Section 5. Vacancies. Vacancies in the
directors may be filled by the remaining Directors
or special meeting, but any Director so selected
office only until the next annual meeting of the
successor shall be elected by the members.

ARTICLE VII

OFFICERS OF THE CORPORATION

Section 1. The officers of the Corporation
President, a President-Elect, a Vice President,
a Treasurer.

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DUTIES OF THE OFFICERS

Section 1. The President shall preside of the Association and shall be an ex-officio member of all committees. The President of the Corporation shall have the signatory authority to sign all documents and papers when his/her signature is necessary or required by the laws of the State of Tennessee, or to effectuate or implement the resolutions of the Board or Association, or customary business of the Corporation. The President shall make all committee appointments and appointments under these Bylaws. The President shall be the chief executive officer of the Corporation with all of the powers and duties incident to and depending upon such office by law, custom, practice and tradition.

Section 2. The President-Elect shall be elected by the members of the Corporation the year following the expiration of the President's tenure, and as such will be in attendance at all Association meetings. In this capacity he/she will be familiar with the duties, responsibilities, powers and authority of the office of the President.

Section 3. The Vice-President shall exercise all the powers and duties of the President of the Corporation including the signatory authority, during his disability, absence, refusal to act or upon his death or removal and until a successor shall have been elected and qualified.

Section 4. The Secretary shall keep the minutes of the Association and the Board of Directors.

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BRIAN T. HARRIS
SECRETARY OF STATE

te book of the Corporation and attest to the signature of
ident or other authorized officer on all papers and documents
required by the laws of the State of Tennessee, the Charter
Corporation, or when such is reasonably required or demanded
person to whom such documents are directed. The Secretary
shall also give any required notice of all meetings of the Board
of Directors and of the membership.

Section 5. The Treasurer of the Corporation shall
maintain and accurate account of all financial transactions of
the Corporation and the books of accounts of the Corporation, and
shall supervise and account for the receipts, deposits and
disbursements of the Corporation, and make all periodic reports
concerning the financial affairs of the Corporation as may be required
by the laws of the Corporation, together with an annual financial report.

Section 6. Limitation on Liability of Directors.
No member of the Board of Directors shall have any personal
liability to the Corporation or its members for monetary damage
resulting from an act or omission of any such Directors, occurring in the
performance by such Director of his/her duties as such Director,
except for willful and/or intentional misconduct or knowing
violations of law or for any breach of the Director's duty
owed to the Corporation or its members.

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ARTICLE IX

AMENDMENTS

Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of the members present in person or by proxy, provided that the purpose of the amendment shall have been in effect at the time of the meeting.

18 day of May, 1992

Arlene K. McCreath
SECRETARY

BY-LAWS

OF

CHURCHILL DOWNS HOMEOWNERS' ASSOCIATION, INC.

A CORPORATION NOT FOR PROFIT

I. IDENTITY

These are the By-Laws of Churchill Downs Homeowners' Association, Inc., a corporation not for profit under the laws of the State of Tennessee, the Articles of Incorporation of which were filed in the Office of the Secretary of State on the _____ day of _____, 1987, hereinafter called "Association", which has been organized for the purpose of administering the operation and management of Churchill Downs, a planned unit development for the use and benefit of Lot owners in Churchill Downs (the "Development"), which Development is located upon certain real property located in Knox County, Tennessee, more particularly described in a document entitled "Declaration of Covenants, Conditions and Restrictions For Churchill Downs A Planned Community" recorded or to be recorded in the Register's Office for Knox County (the "Declaration").

A. The provisions of these By-Laws are applicable to Churchill Downs Homeowners' Association, Inc., and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and Declaration, for Churchill Downs developed by M. A. Schubert ("Developer"). The terms and provisions of such Articles of Incorporation and Declaration are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith.

B. All present or future owners, tenants or future tenants or any other person that might use the Development or any part thereof are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and the Declaration of this Association.

C. The office of the Association shall be located at 1601 Third Creek Road, Knoxville, Tennessee 37921.

D. The fiscal year of the Association shall be the calendar year.

II. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. The qualification of members and voting by members shall be as set forth in Article IV of the Articles of Incorporation of the Association.

B. A quorum at members' meeting shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

C. The vote of the owners of a Lot owned by more than one person or by a corporation or other entity, shall be cast by the person named in a Certificate signed by all of the owners of the Lot and filed with the Secretary of the Association, and

such Certificate shall be valid until revoked by subsequent Certificate. If such a Certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

D. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

E. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, or these By-Laws, or where the same may otherwise be required by law, the affirmative vote of the owner of a majority of the members represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

III. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

A. The annual members' meeting shall be held at the office of the Association or at such other place designated by the Board of Directors at 10:00 a.m. on the third Saturday in May of each year or at such other time as designated by the Board of Directors in an appropriate and timely notice to the members for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday.

B. Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members of the Association owning a majority of the units.

C. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and subject for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mails addressed to the member at his post office address as it appears on the records of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. In the event that a member, after having been duly notified in the manner set out above, shall fail to appear, either in person or by proxy, said member, by such failure to appear, delegates the Board of Directors of the Association to cast his vote for him in any matter which comes to vote before the entire Association, and in which he would have been entitled to vote had he been present.

IV. BOARD OF DIRECTORS

A. The first Board of Directors of the Association shall consist of three (3) persons. At least a majority of the Board of Directors shall be members of the Association, or shall be authorized representatives, officers or employees of the Developer member of the Association. So long as Developer retains control of seventy-five percent (75%) of the votes in the affairs of the Association, as set out in Article IV, Paragraph 4 of the Articles of Incorporation, the Developer shall have the right to designate and select the persons who shall serve as members of each Board of Directors of the Association. Thereafter, Developer shall be entitled to vote for election of Directors in proportion to number of Lots he owns as other Lot owners are allowed under these By-Laws.

B. At the first annual meeting of the Association after the Developer no longer retains control of seventy-five percent (75%) of the votes of the Association, the Board of Directors shall be elected by majority of the owners. The term of office of the two (2) Directors receiving the highest plurality of votes shall be established at two (2) years, and the term of office of the other elected Director shall be established at one (1) year. Thereafter, as many Directors of the Association shall be elected at the annual meeting as there are regular terms of office of Directors, for a term of two (2) years, expiring at the second Annual Meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

C. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

D. 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. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director personally, by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Any Director may waive notice of a meeting before or after the meeting, such waiver shall be deemed equivalent to the giving of notice.

G. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation and these By-Laws. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation and these By-Laws,

the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

H. The presiding officer of Directors' meetings shall be the Chairman of the Board, if such an officer has been elected, and if none, then the President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

I. No compensation shall be paid to Directors for their services as Directors.

J. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Declaration, the Articles of Incorporation of the Association, and these By-Laws. Such powers and duties shall be exercised in accordance with said Declaration, Articles of Incorporation, these By-Laws and the common law and statutes, and shall include, without limiting the generality of the foregoing, the following:

1. To make, levy and collect assessments against members and members' Lots as provided in the Declaration and these By-Laws, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

2. The reconstruction of improvements after casualty, and the further improvement of the property, real and personal;

3. To make and amend Rules and Regulations governing the Development, so long as such Rules and Regulations do not conflict with the terms of the Articles of Incorporation or the Declaration;

4. To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the Development and all common elements (if any) and in accomplishing the purposes set forth in the Declaration, in these By-Laws and the Articles of Incorporation;

5. To contract for the management of the Association, and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Articles of Incorporation or to have approval of the Board of Directors and membership of the Association;

6. To enforce by legal means the provisions of the Declaration, the Articles of Incorporation and By-Laws of the Association, and the regulations hereinafter promulgated governing use of the Development;

7. To pay all taxes and assessments which are liens against any part of any property owned by the Association and to assess the same against the members and their respective Lots;

8. To carry insurance for the protection of the members and the Association against casualty and liability;

9. To pay all costs of power, water, sewer and other utility services rendered to any property owned by the Association;

10. To employ personnel for reasonable compensation to perform the services required for proper administration of the Association; and

11. To borrow money for any legitimate purposes which may be necessary for the improvement, maintenance and well-being of any property owned by the Association or any part of the Development as permitted under the Declaration, Articles of Incorporation or these By-Laws.

K. The undertakings and contracts authorized by said first Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Directors duly elected by the membership after Developer no longer retains control of seventy-five percent (75%) of the votes in the affairs of the Association, so long as any undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with the Declaration, the Articles of Incorporation and these By-Laws.

V. OFFICERS

A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, who shall be a Director, and a Secretary/Treasurer, all of whom shall be elected annually by the Board of Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of President of an association including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

C. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

C. The Secretary/Treasurer shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall keep the records of the Association, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary/Treasurer when the Secretary/Treasurer is absent. The Secretary/Treasurer shall also have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment

rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Secretary/Treasurer.

E. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Association.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association are as follows:

A. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such an account shall designate the name and address of the owner or owners, the amount of any assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association.

Copies of the proposed budget and proposed assessment shall be transmitted to each member on or before January 1st of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in their sole discretion levy any additional assessment in the event that the budget originally adopted appears to be insufficient to pay costs and expenses of operation and management of the Association, or in the event of emergencies.

C. The depository of the Association shall be such bank or banks and/or federal savings and loan associations as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the Directors.

D. An audit of the accounts of the Association may be made annually by a Certified Public Accountant in the discretion of the Board, and, if performed, a copy of the report shall be furnished to each member not later than January 31 of the year following the year for which the report is made.

E. The books, records and financial statements of the Association including current copies of the Declaration, By-Laws and Rules and Regulations, if any, shall be available for inspection, upon written request, stating the purpose therefor, during normal business hours or under any other reasonable circumstances for Lot owners and/or mortgagees.

VII. AMENDMENTS TO BY-LAWS

Amendments to the By-Laws shall be proposed and adopted in the following manner:

A. Notice: Notice of the subject matter of a proposed amendment shall be included in the Notice of any meeting at which a proposed Amendment is considered.

B. Approval: A resolution adopting a proposed Amendment must receive approval of seventy-five percent (75%) of the votes of the entire membership of the Board of Directors and seventy-five percent (75%) of the votes of the entire membership of the Association. Directors and members not present at the meetings considering the Amendment may express their approval in writing.

C. Initiation: An Amendment may be proposed by either the Board of Directors or by the membership of the Association, and after being proposed and approved by one of such bodies, it must be approved by the other.

D. Effective Date: An Amendment when adopted shall become effective only after being recorded in the Register's Office for Knox County, Tennessee, as an Amendment to the Declaration.


E. Amendment to Conform to Declaration: These By-Laws shall be amended, if necessary, so as to make the same consistent with the provisions of the Declaration and the Articles of Incorporation.

The foregoing were adopted as By-Laws of Churchill Downs Homeowners' Association, Inc., a corporation not for profit under the laws of the State of Tennessee, at the first meeting of the Board of Directors on the 6 day of Feb 1987, A.D. 1987.



PRESIDENT

ATTEST:



SECRETARY

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