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RILEY DARNELL
SECRETARY OF STATE

CHARTER OF WELLESLEY HOMEOWNER'S ASSOCIATION

Pursuant to the provisions of T.C.A. 48-52-010 and T.C.A. 48-52-102 of the Tennessee Nonprofit Corporation Act, as amended from time to time (hereinafter referred to as the "Act"), the undersigned corporation adopts the following Charter:

Article I. Name

The name of the corporation is Wellesley Homeowner's Association (hereinafter referred to as "Corporation")

Article II: Public Benefit Corporation; not for Profit

The Corporation is a public benefit corporation and is not for profit. It is intended that the Corporation shall have the status of a corporation which is exempt from federal income taxation under I.R.C. Section 501(a) of the Internal Revenue Code of 1986, as amended as an organization described in I.R.C., Section 501(c)(4).

Article III: Office, Registered Agent and Incorporator

The initial registered office of the Corporation is located at ~~7415 Lakeshore Drive, Chattanooga, Tennessee 37416~~, and the name of the initial registered agent at this address is: "Capstone Developers, LLC, a Tennessee Limited Liability Company".

The incorporator of the Corporation is Capstone Developers, LLC, a Tennessee Limited Liability Company whose address is ~~7415 Lakeshore Drive, Chattanooga, Tennessee 37415~~ *37421 9231 Hidden MTN. DR.*

The initial principal office of the Corporation is located at ~~7445 Lakeshore Drive, Chattanooga, Tennessee 37415~~ *37421 9231 Hidden MTN. DR.*

Article IV: Members

The Corporation will have members. The members shall be all of the lot owners in all units of Wellesley Subdivision, as set out in the Restrictive Covenants of Wellesley Subdivision of record in Book 6969, Page 975, in the Register's Office of Hamilton County, Tennessee, as amended from time to time.

Article V: Purpose

The Corporation is organized exclusively for the purpose of promoting social welfare within the meaning of I.R.C. 501(c)(4), including the receipt and acceptance of property, whether real,

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Chatt. T. 37421*

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personal, or mixed by gift or bequest from any person or entity.

The Corporation shall be a membership organization as formed by a real estate developer to own and maintain common green areas, streets and sidewalks, community type meeting area or common usage areas, and to enforce covenants and to preserve the appearance of the development for the benefit of all residents of the community.

The Corporation is organized to engage in any activity, and to exercise any and all powers, rights and privileges, afforded a non-profit corporation under the Act. Notwithstanding any other provision of this Charter, the Corporation shall not carry on any other activities not permitted to be carried on by any of the following: (a) a corporation exempt from federal income tax under I.R.C. 501(c)(4), or any corresponding provision of any future federal tax laws; or (b) a nonprofit corporation organized under the laws of the State of Tennessee pursuant to the Act.

Article VI: Board of Directors

The affairs of the Corporation shall be managed by a Board of Directors, whose members, designated as directors, shall act as the directors of the Corporation. There shall be three (3) directors of the Corporation who shall be elected by the members at the Annual Meeting. The members may increase or decrease the number of directors of the Corporation but the number of Corporation directors shall not be less than three (3). The initial elected directors shall be elected for staggered terms such that one (1) director shall serve for a one (1) year term one (1) director serve for a two (2) year term and one (1) director serve a three (3) year term. Thereafter, directors shall be elected for a one (1) year term. Each director shall hold office until his or her successor is elected. Directors shall be natural persons who have attained the aged of twenty-one (21) years, but need not be residents of the State of Tennessee. Directors shall also meet the requirements of the Restrictive Covenants of Wellesley Subdivision as aforesaid.

Article VII: Limited Personal Liability of Directors

No person who is or was a director of the Corporation, nor such person's heirs, executors, administrators, or legal representatives (collectively referred to as a "director"), shall be personally liable to the Corporation (or its Members) for monetary damages for breach of fiduciary duty as a director. However, this provision shall not eliminate or limit the liability of a director: (a) for any breach of a director's duty of loyalty to the Corporation, (b) for acts or omissions not in good faith or which involve intentional acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (c) under T.C.A. 48-58-304 of the Act. Not repeal or modification of the provisions of this Article, either directly or by the adoption of provisions in consistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at

the time of such repeal or modification.

Article VIII: Indemnification and Advancement of Expenses

To the fullest extent permitted by the Tennessee Nonprofit Corporation Act, as it effect on the date hereof and as hereafter amended from time to time, a director of the corporation shall not be liable to the corporation (or its members) for monetary damages for breach of a fiduciary duty as a director. If the Tennessee Business Corporation Act or any successor statute is amended after adoption of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of a corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Business Corporation Act, as so amended from time to time, or such successor statute. Any repeal or modification of this paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification or with respect to events occurring prior to such time.

Article IX: No Private Inurement

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private persons. However, the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to it or on its behalf, pay reimbursements for expenses incurred on its behalf, and make payments and distributions in furtherance of the purpose set forth in Article V hereof.

Article X: No Legislative or Political Activity

No substantial part of the activities of the Corporation shall be the carrying or of propaganda, or otherwise attempting to influence legislation; and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Article XII: Distribution on Dissolution

Upon the dissolution of the Corporation, after paying or making provision for the payment of all liabilities of the Corporation then outstanding and unpaid, the Board of Directors of the Corporation shall distribute the assets of the Corporation, in such manner as determined solely by the Board of Directors of the exclusively for the social welfare purposes of the Corporation within the meaning of I.R.C. 501(c)94) or any corresponding provision of any future federal laws. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having

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equity jurisdiction in the county in which the principal office of the Corporation is then located, consistently with the spirit and meaning of the Corporation Charter and By-Laws

Article XII: Effective Date

It is intended that this charter shall be effective upon the date of filing thereof by the Tennessee Secretary of State

08-10-07

Date

Capstone Developers, LLC

By: Susan L. Dingman

Susan L. Dingman, Secretary

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